

CITY OF MONTEREY PARK, AND  
THE CITY COUNCIL ACTING ON BEHALF OF THE SUCCESSOR  
AGENCY OF THE FORMER REDEVELOPMENT AGENCY  
AGENDA

**Amended Agenda for Continued Regular Meeting  
of January 21, 2015.**

Monterey Park City Hall Council Chambers  
320 West Newmark Avenue  
Monterey Park, CA 91754

**MONDAY**  
**January 26, 2015**  
**6:00 PM**

**MISSION STATEMENT**

**The mission of the City of Monterey Park is to provide excellent services  
to enhance the quality of life for our entire community.**

Communication by the Public is an important part of the Local Government Process. Staff reports, writings, or other materials related to an item on this Agenda, which are distributed to the City Council/Agency Board less than 72 hours before this scheduled meeting are available for public inspection in the City Clerk's Office located at 320 West Newmark Avenue, Monterey Park, CA 91754, during normal business hours. Such staff reports, writings, or other materials are also on the City's website subject to staff's ability to post the materials before the meeting. The City's website is located at [www.montereypark.ca.gov](http://www.montereypark.ca.gov). Copies of staff reports and/or written documents pertaining to any item on the Agenda are on file in the Office of the City Clerk and are available for public inspection during regular business hours.

**PUBLIC COMMENTS ON AGENDA ITEMS**

For members of the public wishing to address the City Council regarding any item on this Agenda including the Consent Calendar or Oral Communications, please fill out a speaker card and return it to the City Clerk before the announcement of the Agenda Item.

Speakers are provided five (5) minutes per individual on each published agenda item. Individual speakers may consolidate time with another speaker's time; the total consolidated time cannot exceed two (2) minutes per speaker giving up time. However in the interest of ensuring that all members of the Public have an equal opportunity to participate, a single speaker cannot speak for more than ten (10) minutes on an individual Agenda item. If there are a large number of speakers on a particular agenda item, the Mayor, as confirmed by the City Council may reduce the amount of time allotted to each speaker or limit the total amount time allowed for speakers to address the agenda item. At the conclusion of that period of time, the speaker will be asked to please conclude their remarks so that the next speaker may begin their comments.

In accordance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please call City Hall, (626) 307-1359. Please notify the City Clerk's Office twenty-four hours prior to the meeting so that reasonable arrangements can be made to ensure availability of audio equipment for the hearing impaired. Council Chambers are wheelchair accessible.

PLEASE NOTE that this Agenda includes items considered by the City Council acting on behalf of the Successor Agency of the former Monterey Park Redevelopment Agency, which dissolved February 1, 2012. Successor Agency matters will include the notation of "SA" next to the Agenda Item Number.

**CALL TO ORDER** Mayor

**FLAG SALUTE** Mayor

**ROLL CALL** Peter Chan, Mitchell Ing, Hans Liang, Teresa Real Sebastian, and Anthony Wong

**AGENDA ADDITIONS, DELETIONS, CHANGES AND ADOPTIONS**

**[1.] PRESENTATIONS:** None.

## ORAL AND WRITTEN COMMUNICATIONS

### CONSENT CALENDAR -- ORAL AND WRITTEN COMMUNICATIONS

Items on the Consent Calendar are considered to be routine, ongoing business and will be enacted by one motion. There is no separate discussion on consent items unless a Council Member/Agency Member or citizen so requests, in which event the item is removed from the Consent Calendar and considered separately. The City Clerk will not accept cards after the item has been taken up.

Consent Calendar – Approval By Minute Motion

#### [2.] SUCCESSOR AGENCY TO THE FORMER COMMUNITY REDEVELOPMENT AGENCY (SA)

None.

#### [3.] CITY OF MONTEREY PARK

##### CONSENT CALENDAR ITEMS 3A

None.

#### [4.] CONTINUED PUBLIC HEARING

##### 4-A. A REQUEST TO AMEND SPECIFIC TERMS OF A DEVELOPMENT AGREEMENT (DA-13-01) BY AND BETWEEN THE CITY OF MONTEREY PARK, THE MONTEREY PARK SUCCESSOR HOUSING AGENCY AND LINC COMMUNITY DEVELOPMENT CORPORATION, ETC., AND TO TAKE OTHER ACTION RELATED TO IMPLEMENT THE DEVELOPMENT AGREEMENT AND PRIOR HOME LOAN APPROVAL WITH LINC (PUBLIC HEARING WAS CLOSED ON JANUARY 7, 2015)

It is recommended that the City Council consider

- (1) Waiving second reading and adopting an Ordinance approving an amended Development Agreement between the City and LINC community Development Corporation; including approval of an Amendment to the July 22, 2013 Agreement for HOME/CHDO Funds between the City and LINC;
- (2) Approving a purchase and sale loan between the Monterey Park Successor Housing Agency and LINC regarding the properties located at 236 S. Ramona Avenue and 321, 325, 341, and 371 E. Pomona Boulevard; and
- (3) taking such additional, related, action that may be desirable. Note that the public hearing was closed on January 7, 2015; no further evidence will be taken.

CEQA: The City reviewed the project's environmental impacts under the California Environmental Quality Act (Public Resources Code §§ 21000, *et seq.*, "CEQA"), the regulations promulgated thereunder (14 Cal. Code of Regulations §§ 15000, *et seq.*, the "CEQA Guidelines"), and the City's Environmental Guidelines. This project is categorically exempt from additional environmental review pursuant to CEQA Guidelines §§ 15191, *et seq.* Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.

#### [5.] UNFINISHED BUSINESS

None.

**[6.] NEW BUSINESS**

None.

**[7.] COUNCIL COMMUNICATIONS AND MAYOR/COUNCIL AND AGENCY MATTERS**

None.

**[8.] CLOSED SESSION**

**8-A. CONFERENCE LEGAL COUNSEL, EXISTING LITIGATION -GOVERNMENT CODE  
§ 54956.9 (d)(1)**

Mary Chan, et al v. Villa Garfield, City of Monterey Park, et al,  
LASC Case Number: GC047033

**ADJOURN**



# City Council Staff Report

**DATE:** January 26, 2015

**AGENDA ITEM NO:** Continued Public Hearing  
Agenda Item 4-A

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Michael Huntley, Director of Community and Economic Development

**SUBJECT:** Second Reading and Adoption: – A request to amend specific terms of a Development Agreement (DA-13-01) by and between the City of Monterey Park, the Monterey Park Successor Housing Agency and LINC Community Development Corporation, etc., and to take other action related to implement the Development Agreement and prior HOME Loan approval with LINC

## SUMMARY

The first reading and public hearing occurred on January 14, 2015. The ordinance is now ready for second reading and adoption by the City Council.

A copy of the staff report from the January 14, 2015 meeting is attached for reference.

## ENVIRONMENTAL ASSESSMENT

The City reviewed the project's environmental impacts under the California Environmental Quality Act (Public Resources Code §§ 21000, *et seq.*, "CEQA"), the regulations promulgated thereunder (14 Cal. Code of Regulations §§ 15000, *et seq.*, the "CEQA Guidelines"), and the City's Environmental Guidelines. This project is categorically exempt from additional environmental review pursuant to CEQA Guidelines §§ 15191, *et seq.* Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.

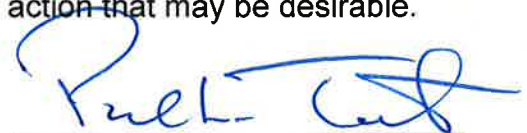
## RECOMMENDATION

It is recommended that the City Council: (1) waive second reading and adopt the proposed ordinance; and (2) take such additional, related, action that may be desirable.

By:

  
Michael Huntley  
Director of Community and  
Economic Development

Approved:

  
Paul L. Talbot  
City Manager

Reviewed:

Karl H. Berger  
Karl H. Berger  
Assistant City Attorney

\_\_\_\_\_

Attachments:

City Council staff report from January 7, 2015  
Proposed Ordinance

## **ATTACHEMENT 1**

### **January 7, 2015 Staff Report**

**(Original DA & CDHO agreement can be found  
online as related to this January 7<sup>th</sup> report)**



## City Council Staff Report

**DATE:** January 7, 2015

**AGENDA ITEM NO:**      **Public Hearing**  
                                 **Agenda Item 4-A.**

**TO:** The Honorable Mayor and City Council  
**FROM:** Michael A. Huntley, Community and Economic Development Director  
**SUBJECT:** A request to amend specific terms of a Development Agreement (DA-13-01) by and between the City of Monterey Park, the Monterey Park Successor Housing Agency and LINC Community Development Corporation, etc., and to take other action related to implement the Development Agreement and prior HOME Loan approval with LINC

### **RECOMMENDATION:**

It is recommended that the City Council consider:

- (1) Opening the public hearing;
- (2) Receiving documentary and testimonial evidence;
- (3) Closing the public hearing;
- (4) Waive first reading and introduce an Ordinance approving an amended Development Agreement between the City and LINC Community Development Corporation; including approval of an Amendment to the July 22, 2013 Agreement for HOME/CHDO Funds between the City and LINC; and, approval of a purchase and sale loan between the Monterey Park Successor Housing Agency and LINC regarding the properties located at 236 S. Ramona Avenue and 321, 325, 341, and 371 E. Pomona Boulevard;
- (5) Provide tentative approval of the third party financing of the Project as outlined in the amended Development Agreement; and
- (6) Take such additional, related, action that may be desirable.

### **Environmental Assessment**

The City reviewed the project's environmental impacts under the California Environmental Quality Act (Public Resources Code §§ 21000, *et seq.*, "CEQA"), the regulations promulgated thereunder (14 Cal. Code of Regulations §§ 15000, *et seq.*, the "CEQA Guidelines"), and the City's Environmental Guidelines. This project is categorically exempt from additional environmental review pursuant to CEQA Guidelines §§ 15191, *et seq.* Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.

**EXECUTIVE SUMMARY:**

On February 19, 2014, the City Council approved a General Plan Amendment and Development Agreement with LINC Community Development Corporation (LINC). The approval allowed LINC to purchase the property located at 236 S. Ramona Avenue with the intention of developing a 6-unit affordable housing project. The approval also allowed LINC to purchase the properties located at 321, 325, 341, and 371 E. Pomona Boulevard; and 534 N. Chandler Avenue. It is LINC's intention to purchase these residentially developed properties; refurbish the existing residential units; and manage and rent these affordable housing units. LINC is also required to provide 19 public parking spaces on the Ramona Avenue property.

To ensure the financial viability of the project, it is necessary for LINC to acquire all of the sites identified above; obtain financing from the City in the form of HOME funds for the development of the 6 affordable units at 236 S. Ramona Avenue; and obtain funding through the California Tax Credit Allocation Committee (CTCAC) program.

Over the last eight months, LINC has focused their attention on applying for funding through the California Tax Credit Allocation Committee (CTCAC). Unfortunately, LINC did not receive funding as part of the first round. LINC subsequently resubmitted their funding application as part of the second round and has received a notification from CTCAC that they will be receiving funding for their project.

In the last few months, LINC has evaluated the current market conditions and financing opportunities and has informed the City that they would like to amend the existing Development Agreement. The Development Agreement contemplated a thirty year loan with regard to the HOME Loan of \$834,833 for constructing the improvements on the Ramona Avenue Property and an acquisition loan of \$2,080,000 to acquire the remaining properties. It was also contemplated that LINC would seek another loan from a third party for purposes of constructing the various improvements on all of the properties. Specifically, LINC is requesting an increase to the term of the loans from 30 years to 55 years so that the loans run concurrently with the affordability covenants and the property with regard to all of the properties. LINC has stated that this is the only way that given the combination of outside financing requirements and the use of tax credits that the project is financially feasible. LINC is also proposing to pay the City \$540,000 for the Ramona Property upon closing of the transaction which the City can then use to purchase another property for public parking. In LINC's prior proposal it was only going to pay the City \$405,000 of this amount and the remaining amount was going to be financed over time. The City's outside consultant Keyser, Marston and Associates has reviewed LINC's request and believes that it is reasonable and customary in light of the type of transaction that is involved.

LINC is working with Citibank with respect to the outside financing for purposes of constructing the various improvements on all of the properties. The construction loan will be approximately \$7 million and will be for a term of 20 months. Citibank is also providing a permanent loan in the approximate amount of \$600,000 and will be for a



term of 35 years. The City is reviewing the loan and related documents to determine whether LINC has the necessary financing in place prior to closing the transaction. Citibank is requiring that, which was contemplated by the Development Agreement, the City and Successor Agency subordinate their loans to Citibank's construction loan. The Home Loan and Successor Agency Loan are contemplated to be cross-collateralized against all of the properties. The permanent financing provided by Citibank will be junior to the Home loan and the Successor Agency loan. The City and Citibank are working a subordination agreement with regard to the permanent financing and it will be in a form substantially similar to that which is attached to the Amendment to the Development Agreement with regard to Citibank's construction loan. This latter subordination agreement will be made available to the Council and public early next week.

**BACKGROUND:**

The City of Monterey Park received an annual allocation of HOME Program Funds from the United States Department of Housing and Urban Development (HUD). HOME Program requires cities to set aside a minimum of 15 percent of their HOME allocations for housing development activities in which qualified Community Housing Development Organizations (CHDO's) are the owners, developers and/or sponsors of the affordable housing project.

On June 6, 2012, the City Council certified LINC Housing as a qualified Community Housing Development Organizations (CHDO) and authorized the City Manager to enter into a Reservation Agreement with LINC Housing in the amount of the \$544,245.00 (this figure was later increased to \$834,833 because of additional HOME Funds that needed to be expanded or the funds would roll back to HUD).

On July 22, 2013, the City Council approved 236 South Ramona Avenue as the Project Site to utilize the HOME Funds and authorized the City Manager to enter into an Agreement with LINC Community Development Corporation. This Agreement tentatively committed \$834,833 in HOME Funds to LINC for developing 6 new affordable housing units.

On October 2, 2013, the City Council approved the Pre-Development Loan to LINC to evaluate project feasibility of the 236 South Ramona Avenue Site. The City Manager was authorized to execute the Pre-Development Loan in the amount of \$83,483.

On December 10, 2013, the Planning Commission adopted Resolution No. 12-13 recommending approval of General Plan Amendment (GPA-13-01) and Development Agreement (DA-13-01) to the City Council.

On December 17, 2013, the Design Review Board reviewed and approved the proposed project.

On January 23, 2014, the Planning Commission adopted Resolution No. 02-14 indicating that the proposed disposition of real property is in conformance with the

Monterey Plan General Plan. The City owned properties identified in the Resolution include 236 S. Ramona Avenue; 321, 325, 341, and 371 E. Pomona Boulevard; and 534 N. Chandler Avenue.

On February 19, 2014, the City Council approved a General Plan Amendment (GPA13-01) and Development Agreement (DA-13-01) allowing the development of six new affordable housing units on the property located at 236 South Ramona; Declared the City owned properties at 236 S. Ramona Avenue; 321, 325, 341, and 371 East Pomona Boulevard; and 534 North Chandler Avenue as surplus property thereby allowing these Successor Agency owned residential properties to be sold to LINC pursuant to the terms and conditions of the Development Agreement.

**DEVELOPMENT AGREEMENT:**

Staff has reviewed the requested changes proposed by LINC and believes that they are in the best interest of the City to ensure the development of the affordable housing project and provide for improvements, long term maintenance and property management of the proposed new units and existing units.

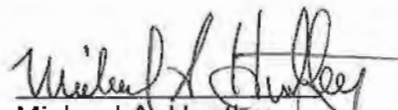
**ALTERNATIVE COUNCIL CONSIDERATIONS:**

None.


**FISCAL IMPACT:**

As noted above, the HOME monies used for this project are federally restricted funds. The acquisition loan does not result in the Successor Agency providing any proceeds to LINC but rather is to finance the purchase price of property owned by the Successor Agency. The City will not be using money from its general fund (or any other fund). There is a fiscal benefit to the City in that it will receive the full \$540,000 for the Ramona property in an upfront cash payment instead of having to defer \$135,000 that would be reimbursed overtime.

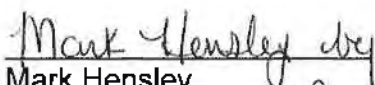
Respectfully submitted,

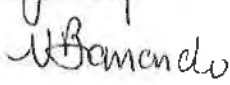
  
Michael A. Huntley  
Community and Economic  
Development Director

Approved by:

  
Paul L. Talbot  
City Manager

Reviewed by:

  
Mark Hensley  
City Attorney



Attachments:

- Exhibit A: City Council Ordinance
- Exhibit B: Draft Amended Development Agreement (with Exhibits)
- Exhibit C: March 2014 Development Agreement (with Exhibits)
- Exhibit D: July 2013 Agreement for Home/CHDO Funds
- Exhibit E: HOME Predevelopment Loan Agreement

## **ATTACHMENT 2**

### Draft Ordinance

## **ORDINANCE NO.**

### **AN ORDINANCE APPROVING AN AMENDED DEVELOPMENT AGREEMENT (DA-13-01A) TO CONSTRUCT A NEW SIX-UNIT AFFORDABLE HOUSING DEVELOPMENT PROJECT AT 236 SOUTH RAMONA AVENUE.**

The City Council for the City of Monterey Park does ordain as follows:

**SECTION 1:** The City Council finds and declares that:

- A. On February 19, 2014, the City Council adopted Ordinance No. 2105 approving a Development Agreement ("DA-13-01") with the LINC Community Development Corporation ("LINC") to construct a six-unit affordable housing development at 236 South Ramona Avenue (the "Project"). On October 6, 2014, LINC filed a request to amend DA-13-01 (the "Amended DA");
- B. The City reviewed the Amended DA to determine its conformance with approvals previously granted on February 19, 2014; and
- C. The City Council has carefully considered all pertinent testimony and the staff report offered in the case as presented at the public hearing of January 7, 2015.

**SECTION 2:** *Environmental Findings.* The City reviewed the project's environmental impacts under the California Environmental Quality Act (Public Resources Code §§ 21000, *et seq.*, "CEQA"), the regulations promulgated thereunder (14 Cal. Code of Regulations § 15000, *et seq.*, the "CEQA Guidelines"), and the City's Environmental Guidelines. This project is categorically exempt from additional environmental review pursuant to CEQA Guidelines § 15191, *et seq.* The project consists of the construction of six affordable housing units.

**SECTION 3:** *Approval.* The Amended DA attached as Exhibit "A," and incorporated by reference, is approved. The Amended DA amends DA-13-01 in its entirety and may be identified as DA-13-01A. The Mayor is authorized to execute the Amended DA in a form approved by the City Attorney.

**SECTION 4:** *Technical Corrections.* The City Manager, or designee, is authorized to make technical corrections, in a form approved by the City Attorney, to exhibits, maps, diagrams, tables, and other, similar, documents (collectively, "Exhibits") to the Amended DA that may be required.

**SECTION 5:** *Reliance on Record.* Each and every one of the findings and determinations in this Ordinance are based on the competent and substantial evidence, both oral and written, contained in the entire record relating to the Project. The findings and determinations constitute the independent findings and determinations of the City

**ORDINANCE NO.**  
**PAGE 2 of 3**

Council in all respects and are fully and completely supported by substantial evidence in the record as a whole.

SECTION 6: *Limitations.* The City Council's analysis and evaluation of the project is based on the best information currently available. It is inevitable that in evaluating a project that absolute and perfect knowledge of all possible aspects of the project will not exist. One of the major limitations on analysis of the project is the City Council's lack of knowledge of future events. In all instances, best efforts have been made to form accurate assumptions. Somewhat related to this are the limitations on the City's ability to solve what are in effect regional, state, and national problems and issues. The City must work within the political framework within which it exists and with the limitations inherent in that framework.

SECTION 7: *Summaries of Information.* All summaries of information in the findings, which precede this section, are based on the substantial evidence in the record. The absence of any particular fact from any such summary is not an indication that a particular finding is not based in part on that fact.

SECTION 8: If any part of this Ordinance or its application is deemed invalid by a court of competent jurisdiction, the city council intends that such invalidity will not affect the effectiveness of the remaining provisions or applications and, to this end, the provisions of this Ordinance are severable.

SECTION 9: The City Clerk is directed to certify the passage and adoption of this Ordinance; cause it to be entered into the City of Monterey Park's book of original ordinances; make a note of the passage and adoption in the records of this meeting; and, within fifteen (15) days after the passage and adoption of this Ordinance, cause it to be published or posted in accordance with California law.

SECTION 10: This Ordinance will become effective on the thirty-first (31st) day following its passage and adoption.

PASSED, APPROVED, AND ADOPTED this \_\_ of January, 2015.

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Hans Liang, Mayor  
City of Monterey Park, California

ATTEST:

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Vincent D. Chang, City Clerk  
City of Monterey Park, California

**ORDINANCE NO.**  
**PAGE 3 of 3**

I HEREBY CERTIFY that the above and foregoing ordinance was duly passed and adopted by the Monterey Park City Council at its regular meeting held on \_\_\_\_ of March 2014, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED AS TO FORM:  
MARK D. HENSLEY, City Attorney

By: \_\_\_\_\_  
Karl H. Berger, Assistant City Attorney

## **EXHIBIT A**

# **Draft Amended Development Agreement**



## FIRST AMENDMENT TO DEVELOPMENT AGREEMENT

THIS FIRST AMENDMENT TO DEVELOPMENT AGREEMENT (this "**Amendment**") is dated \_\_\_\_\_, 2015, by and among the City of Monterey Park, a California Municipal Corporation, ("**City**"); the Monterey Park Successor Housing Agency, a political subdivision of the state of California ("**SHA**") pursuant to Assembly Bill 1X26, acting by and through the City of Monterey Park, a municipal corporation ("**City**"), LINC Community Development Corporation, a California nonprofit public benefit corporation ("**LINC**") and LINC-Monterey Park Apartments Housing Investors, LP, a California limited partnership ("**Developer**").

### RECITALS

A. City and LINC are parties to that certain Development Agreement dated March 4, 2014 (the "**Agreement**"). Capitalized terms not defined herein shall have the meanings given to them in the Agreement.

B. SHA is consenting to and agreeing to be bound by the terms and conditions of the Agreement and this Amendment for purposes of selling its interests in the Site to Developer and for purposes of receiving of the benefits of the terms and conditions of the Agreement and this Amendment.

C. City, SHA, LINC and Developer desire, by this Amendment, to allow and provide for the assignment of LINC's rights, title and interests in the Agreement to Developer and to amend the Agreement as set forth below.

D. For purposes of the Agreement and this Amendment, the City and SHA shall be collectively referred to as "**City**" with the understanding that any obligations and rights relating to the disposition and condition of the properties located at 321, 325, 341 and 371 E. Pomona Boulevard and 534 N. Chandler Avenue shall be those of SHA and any obligations and rights relating to the disposition and condition of the properties located at 236 S. Ramona Avenue shall be those of the City and not SHA. The City and not SHA shall be the holder of all rights and obligations relating to the police powers of the City including without limitation, enforcement of state law and the City's municipal code, zoning and planning approvals, and building permit approvals that are contemplated by the Agreement and this Amendment.

### AGREEMENT

NOW THEREFORE, in consideration of the foregoing, the parties hereto do hereby agree as follows:

1. Amendments. Effective the date hereof, the Development Agreement is amended as provided below.

(a) Recital B. of the Development Agreement is hereby amended and restated in its entirety to state as follows:

"City and Developer desire by this Agreement for the City to Convey the Site to Developer for

purposes of owning, upgrading and maintaining existing residential units on the Site and constructing six residential units at 236 S. Ramona Avenue in accordance with the Affordable Unit Requirement and the Scope of Development and providing the City with the Parking Covenant and the otherwise fulfilling the terms and conditions of this Development Agreement ("Project").

(b) Section 100 of the Development Agreement is hereby amended to add the following definitions and amend and restate the definitions from the Development Agreement that are set forth below as follows:

*"Affordable Unit Requirement"* means (a) as to the portion of the Project located at 236 S. Ramona Avenue, Monterey Park, for a period of at least twenty years from Closing, households whose income does not exceed low HOME rent as to 2 units and high HOME rents as to 3 units, and 1 manager's unit; and (b) as to the portion of the Project located at 321, 325, 341 and 371 E. Pomona Boulevard, and 534 N. Chandler Avenue, Monterey Park, for a period of at least fifty-five years from Closing, households whose income does not exceed low HOME rent as to 6 units and high HOME rents as to 19 units.

*"Affordability Covenants"* means that covenant that incorporates the Affordable Unit Requirement (attached hereto as Exhibit 13) and shall also be referred to as "Home Covenants".

*"Acquisition Loan"* has the same meaning as "Junior Acquisition Loan."

*"Association CC&Rs"* means those covenants, conditions and restrictions for the 236 S. Ramona Avenue, Monterey Park in a form approved by the City."

*"Awardee"* as that term is used in the HOME Loan or other or Exhibits to this Agreement shall mean Borrower.

*"Bankruptcy Proceeding"* or *"Bankruptcy"* means any bankruptcy, involuntary reorganization, insolvency, composition, restructuring, dissolution, liquidation, receivership, assignment for the benefit of creditors, or custodianship action or proceeding under any federal or state law with respect to Borrower, any guarantor of any of the Senior Indebtedness, any of their respective properties, or any of their respective partners, members, officers, directors, or shareholders.

*"Borrower"* shall have the same meaning as "Developer."

*"Casualty"* means the occurrence of damage to or loss of any of the Property by fire or other casualty.

*"Citi"* means Citibank, N.A.

*"Citi First Loan Agreement"* means that certain Construction Loan Agreement by and between Borrower and Senior Lender relating to the Senior Loan. The Citi First Loan Agreement shall not permit Developer to borrow an amount in excess of \$7,000,000 and shall have an initial repayment term of 18 months (with 2 potential six month extensions).

*"Citi First Loan Documents"* means, collectively, the Citi First Security Instrument, the Citi First Note, the Citi First Loan Agreement and all of the other documents, instruments and agreements now or hereafter evidencing, securing or otherwise executed in connection with the Citi First Loan, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented in accordance with the provisions of the Subordination Agreement.

*"Citi First Note"* means the Note, as defined by the Citi First Security Instrument, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented in accordance with the terms of the Subordination Agreement.

*"Citi First Security Instrument"* means that certain Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of the date hereof, made by Borrower for the benefit of Senior Lender, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented in accordance with the terms of the Subordination Agreement.

*"Citi Second Loan Agreement"* means that certain Loan Agreement by and between Borrower and Senior Lender which is junior to the Acquisition Loan and HOME Loan. The Citi Second Loan Agreement shall not permit Developer to borrow an amount in excess of \$700,000 and shall have an initial repayment term of 55 years.

*"Citi Second Loan Documents"* means, collectively, the Citi Second Security Instrument, the Citi Second Note, the Citi Second Loan Agreement, the Citi Use Agreement and all of the other documents, instruments and agreements now or hereafter evidencing, securing or otherwise executed in connection with the Citi Second Loan, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented in accordance with the provisions of the Subordination Agreement.

*"Citi Second Note"* means the Note, as defined by the Citi Second Security Instrument, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented in accordance with the terms of the Subordination Agreement.

*"Citi Second Security Instrument"* means that certain Subordinate Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of the date hereof, made by Borrower for the benefit of Senior Lender, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented in accordance with the terms of the Subordination Agreement.

*"Citi Use Agreement"* means that certain Regulatory and Use Agreement, dated as of the date hereof, made by Borrower for the benefit of Senior Lender, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented in accordance with the terms of the Subordination Agreement.

*"City Residual Receipts"* shall have the meaning ascribed to such term in the Junior Acquisition Loan Agreement.

"City Subordination Agreement" shall mean the agreement whereby the Citi Second Loan Agreement is subordinated to the Acquisition Loan and the HOME Loan in a form approved by the City Attorney.

"*Condemnation*" means any proposed or actual governmental action that results in a condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Property, whether direct or indirect.

"*Enforcement Action*" means the acceleration of all or any part of the Junior Indebtedness, the advertising of or commencement of any foreclosure or trustee's sale proceedings, the exercise of any power of sale, the acceptance of a deed or assignment in lieu of foreclosure or sale, the collecting of Rents, the obtaining of or seeking of the appointment of a receiver, the seeking of default interest, the taking of possession or control of any of the Property, the commencement of any suit or other legal, administrative, or arbitration proceeding based upon the Junior Note or any other of the Junior Loan Documents, the exercising of any banker's lien or rights of set-off or recoupment, or the taking of any other enforcement action against Borrower, any other party liable for any of the Junior Indebtedness or obligated under any of the Junior Loan Documents, or the Property. However, the phrase "Enforcement Action" does not limit, restrict, or impair the Junior Lender in its municipal capacity in the exercise of its police power pursuant to the State Constitution or law, the Municipal Charter, or any municipal ordinance or regulation, or in its enterprise capacity relating to the provision of municipal services to the Property such as, by way of example and not limitation, zoning and building code enforcement, water and sewer delivery, or refuse collection.

"*Enforcement Action Notice*" means a written notice from Junior Lender to Senior Lender, given following a Junior Loan Default and the expiration of any notice or cure periods provided for such Junior Loan Default in the Junior Loan Documents, setting forth in reasonable detail the Enforcement Action proposed to be taken by Junior Lender.

"Grant Deed" means, collectively, the grant deeds from the SHA and City in the forms attached hereto as Exhibits 9 and 5 respectively.

"*HOME Covenants*" means the same as "Affordability Covenants."

"*HOME Loan*" means the same as "Junior HOME Loan."

"*Junior Acquisition Loan*" means that Loan Agreement By and Between the SHA and Developer in the form attached hereto as Exhibit 4."

"*Junior Acquisition Loan Deed of Trust*" means that security instrument for the Junior Acquisition Loan and Junior Acquisition Loan Promissory Note attached hereto as Exhibit 10.

"*Junior Acquisition Loan Promissory Note*" means that promissory note attached hereto as Exhibit 10.

*“Junior HOME Loan”* means Agreement for HOME/CHDO Funds dated July 22, 2013, as assigned as amended and assigned to Maker pursuant to the First Amendment to Agreement for HOME/CHDO Funds in the form attached hereto as Exhibit 3.

*“Junior HOME Loan Deed of Trust”* means that security instrument for the HOME Loan and Junior HOME Loan Promissory Note attached hereto as Exhibit 11.

*“Junior HOME Loan Promissory Note”* mean that promissory note attached hereto as Exhibit 11.

*“Junior Indebtedness”* means all indebtedness of any kind at any time evidenced or secured by, or arising under, the Junior Loan Documents, whether incurred, arising or accruing before or after the filing of any Bankruptcy Proceeding.

*“Junior Loan”* means, collectively, the Junior HOME Loan and the Junior Acquisition Loan.

*“Junior Loan Documents”* means, collectively, the Junior HOME Loan, the Junior HOME Loan Promissory Note, the Junior HOME Loan Deed of Trust, the Junior Acquisition Loan, the Junior Acquisition Loan Promissory Note, the Junior Home Loan Deed of Trust, the Development Agreement, and all other documents evidencing, securing or delivered in connection with the Junior Loan, together with such modifications, amendments and supplements thereto as are approved in writing by Senior Lender prior to their execution. It is understood and agreed that the HOME Covenants and Parking Covenant shall not constitute a Junior Loan Document.

*“Junior Note”* means, collectively, the Junior HOME Loan Promissory Note and the Junior Acquisition Loan Promissory Note, as the same may from time to time be extended, consolidated, substituted for, modified, amended or supplemented upon receipt of the consent of Senior Lender in the forms attached hereto as Exhibits \_\_ and \_\_.

*“Junior Security Instrument”* means, collectively, the Junior Loan Documents, as the same may from time to time be extended, consolidated, substituted for, modified, amended or supplemented upon receipt of the consent of Senior Lender.

*“Junior Loan Default”* means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an “Event of Default” as defined in the Junior Security Instrument.

*“Loss Proceeds”* means all monies received or to be received under any insurance policy, from any condemning authority, or from any other source, as a result of any Condemnation or Casualty.

*“Parking Covenant”* means that certain ingress and egress and parking Covenant with respect to that certain real property located at 236 Ramona, Avenue, Monterey Park, California in the form attached hereto as Exhibit 14.

*"Property"* has the same meaning as *"Site."*

*"Senior Indebtedness"* means all indebtedness of any kind at any time evidenced or secured by, or arising under, the Senior Loan Documents, whether incurred, arising or accruing before or after the filing of any Bankruptcy Proceeding.

*"Senior Loan Document"* means the Citi First Loan Documents.

*"Senior Loan Default"* means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an "Event of Default" as defined in the Senior Security Instrument.

*"Senior Note"* means the Citi First Note.

*"Senior Security Instrument"* means the Citi First Security Instrument.

*"Servicer"* shall mean the Servicer contracting with or appointed by the Senior Lender to service the Senior Loan.

*"Subordination Agreement"* means that Subordination and Intercreditor Agreement between Citibank, City, SHA and Developer in the form attached hereto as Exhibit \_\_ which provides for the Citi First Loan to be senior to the Acquisition Loan and Home Loan.

(c) Section 201 of the Development Agreement is hereby amended and restated in its entirety to state as follows:

**"201. Disposition of Site.** Developer agrees to purchase the Site from City, and the City agrees to sell the Site to Developer, in accordance with this Agreement, as follows:

**201.1** The "Purchase Price" for the Site shall be the sum of (a) \$540,000 with respect to the unimproved land located at 236 S. Ramona Avenue, Monterey Park, and (b) \$2,080,000, with respect to the improved land located at 321, 325, 341 and 371 E. Pomona Boulevard, and 534 N. Chandler Avenue, Monterey Park.

**201.2** At Closing, the Purchase Price shall be paid as follows: (a) \$540,000 in cash or other immediately available funds which shall be applied towards the purchase price of property located at 236 S. Ramona Avenue, Monterey Park and which the City intends to place in its general fund; and (b) \$2,080,000, together with any other sums due under this Agreement in connection with the purchase, shall be paid to SHA pursuant to the terms of this Agreement and the Acquisition Loan. Additionally, the HOME Loan shall fund together with any other sums due under this Agreement in connection with this Agreement. The HOME Loan is a construction and permanent loan for the Project and shall be paid to City pursuant to the terms of this Agreement and the HOME Loan and the Junior Loan Security Instrument.

**201.3** The "Acquisition Loan" shall (a) be a nonrecourse, seller takeback loan from City as partial payment of the Purchase Price as described above; (b) bear interest at the applicable federal rate for the month in which the Closing occurs; (c) have a term of no not less than 55 years; (d) be repaid from 65% of 50% of City Residual Receipts, with the remaining 35% of City Residual Receipts to be applied to the repayment of the HOME Loan , as further provided in the Junior Loan Documents.

**201.4 Developer may in addition to the Citi First Loan Agreement, Citi Second Loan Agreement, Acquisition Loan and HOME Loan, take out an additional loan in an amount not to exceed \$500,000 and for a term not to exceed 55 years to be secured against the Site so long as this additional loan is junior to the Acquisition Loan and the HOME Loan and the Developer enters into a subordination agreement with the City and SHA for this loan in a form approved by the City Attorney.**

(d) Exhibit No. 3 of the Agreement is hereby replaced in its entirety with the attached Exhibit 3.

(e) The following sentence is added to Section 202.1:

"With regard to any escrow costs, charges and fees that are owed by the City under this Agreement, the City shall pay 65% and the SHA shall pay 35% of such costs, charges and fees."

(f) Replace section 202.6 (b) is hereby deleted in its entirety and replaced with the following:

"Record the Grant Deed, Parking Covenant, Affordability Covenants, Junior HOME Loan Deed Junior Acquisition Loan Deed of Trust, a Memorandum of the Development Agreement (in a form approved by the City and Developer), the deeds of trust of the Senior Security Interest , the City Subordination Agreement, and the Subordination Agreement."

(g) Section 301 of the Agreement is hereby deleted and replaced with the following:

"The Developer must develop or cause the development of the Improvements in accordance with the Project and Scope of Development, the Monterey Park Municipal Code, and the plans, drawings and documents submitted by the Developer and approved by the City as set forth herein."

(h) Section 311 of the Agreement is hereby deleted and replaced with the following:

"City will provide HOME Loan in accordance with the terms and conditions of the HOME Loan to construct the Improvements on the property located at 236 S. Ramona Avenue. Such loan will

he for a term of not less than 55 years and bear interest at 3% simple interest per annum. Such funds may only be spent for construction and related costs. As part of the Improvements, Developer agrees to construct 19 public parking spaces at street parking level for use by the City and the general public. These parking spaces shall be memorialized in the Parking Covenant. Also, Developer construction of improvements must include a multipurpose room that may be used by occupants of the Project, or their invitees, at reasonable times agreed upon by the City and Developer."

(i) The following sentence shall be added to Section 311.1 of the Agreement:

"It is currently anticipated that upon final review and approval of the City First Loan Documents and the City Second Loan Documents and such other financial information that may be requested of Developer pursuant to this Section, that these loans are anticipated to satisfy the conditions of this Section."

(j) The following shall be added for Section 402 through 405 of the Agreement:

"Sections 402 through 405. Intentionally Omitted."

(k) The following shall be added to Section 511 of the Agreement:

"In the event that Closing occurs and the Subordination Agreement or authorized senior loan is executed and properly recorded, to the extent the Subordination Agreement or a senior loan precludes or delays the City from proceeding with any Enforcement Action, Junior Loan Default, default, or in any manner enforcing its rights under this Agreement, Developer agrees that City shall not be deemed to have waived any of its rights under this Agreement and that any such right the City has under this Agreement or in law or equity shall be deemed tolled, with regard to time limits imposed by this Agreement or by law or equity, unless and until the City is granted the right under the Subordination Agreement or other senior loan or the Subordination Agreement or senior loan terminates such as to allow the City to pursue its rights under this Agreement or in law or equity. Additionally, to the extent the City cannot proceed to cure any default claimed by the Developer due to the Subordination Agreement or an authorized senior loan, the Developer cannot proceed to take any action against the City under this Agreement or law or equity unless and until the City can proceed to cure any alleged default."

(l) Section 620 is added to this Agreement as follows:

"620. Effect of Subordination Agreement. To the extent that the Subordination Agreement is properly executed and recorded and is in full force and effect and there are any inconsistencies between this Agreement and the Subordination Agreement, the provisions of the Subordination Agreement shall be controlling but the City's rights under this Agreement shall be construed to give the City the greatest legal and equitable rights possible for purposes effectuating the intent of this Agreement so long as such does not directly conflict with the provisions of the Subordination Agreement. To the extent the Subordination Agreement provides for any right by Senior Lender to approve this Development Agreement or the Exhibits hereto, such approval



must be given before Closing. If Senior Lender does not approve of this Agreement or the Exhibits prior to Closing, the City shall have no obligation to make any changes or amendments requested by the Senior Lender and the Senior shall have no legal or equitable rights against the City for refusing or failing to make any such requested changes or amendments.”

(m) The following Section 621 is added to this Agreement:

“621. List of Exhibits. The following are Exhibits to this Agreement and are incorporated into this Agreement by reference. The City Manager and Executive Director shall have the authority, subject to the approval of the City Attorney and Agency Counsel, to make minor revisions to the Exhibits as necessary to carry out the intent of this Amendment and the Development Agreement and to affix the proper sub-exhibits, to the Exhibits that have been omitted in some instances for purposes of convenience:

Exhibit 1 – Site Maps (in current form as attached to Development Agreement).

Exhibit 2 – Legal Description of Site (in current form as attached to Development Agreement).

Exhibit 3 – Amendment to HOME Loan (in form attached hereto)

Exhibit 4 – Acquisition Loan (in form attached hereto)

Exhibit 5 – Grant Deed from City (in form attached hereto)

Exhibit 6 – Schedule of Performance (in form attached hereto)

Exhibit 7 – Scope of Development (in current form as attached to Development Agreement)

Exhibit 8 – Certificate of Completion (in current form as attached to Development Agreement)

Exhibit 9 – Grant Deed from Monterey Park Successor Housing Authority (in form attached hereto)

Exhibit 10 – Junior Acquisition Promissory Note and Junior Acquisition Loan Deed of Trust (in form attached hereto)

Exhibit 11 – Junior HOME Loan Promissory Note and Junior HOME Loan Deed of Trust (in form attached hereto)

Exhibit 12 – Subordination Agreement

Exhibit 13 – Affordability Covenants

Exhibit 14 – Parking Covenant

[Will fill out this list as the documents are completed this week]”

2. Assignment by LINC. Effective as of the Closing , LINC hereby transfers its interest under the Agreement, as amended hereby, to Developer, in which LINC-Monterey Park Apartments, LLC, a California limited liability company (“**General Partner**”) is the sole general partner. LINC is a controlling member of General Partner. Upon such assignment, LINC is hereby released from all obligations under the Agreement and Developer shall assume all obligations under the Agreement. City hereby agrees to the foregoing assignment, assumption and release.

3. Affirmation of the Agreement. Except for the foregoing, the parties hereto affirm the Agreement.

4. Counterparts. This Amendment may be signed by different parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts shall be deemed an original of this Amendment.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the City and Developer have caused this Amendment to be duly executed as of the day and year first above written.

CITY:

City of Monterey Park,  
a municipal corporation and general law city

By: \_\_\_\_\_  
Paul Talbot, City Manager

ATTEST:

\_\_\_\_\_  
Vincent Chang, City Clerk

APPROVED AS TO FORM:  
Mark D. Hensley, City Attorney

By: \_\_\_\_\_

SHA:

Monterey Park Successor Housing Authority,  
A political subdivision of the State of California

By: \_\_\_\_\_  
Paul Talbot, Executive Director

ATTEST:

By: \_\_\_\_\_  
Vicki Banando, SHA Secretary

APPROVED AS TO FORM:  
Mark D. Hensley, SHA General Counsel

By: \_\_\_\_\_

DEVELOPER:

LINC-Monterey Park Apartments Housing Investors, LP,  
a California limited partnership

By: LINC-Monterey Park Apartments, LLC,  
a California limited liability company,  
its Managing General Partner

By: LINC Community Development Corporation,  
a California nonprofit public benefit corporation,  
its Authorized Member

By: \_\_\_\_\_  
Suny Lay Chang  
Senior Vice President and  
Director of Housing Development

### EXHIBIT 3

#### FIRST AMENDMENT TO AGREEMENT FOR HOME/CHDO FUNDS

THIS FIRST AMENDMENT TO AGREEMENT FOR HOME/CHDO FUNDS (this "Amendment") is dated \_\_\_\_\_, 2015, by and among the City of Monterey Park, a municipal corporation and general law city ("City"), LINC Community Development Corporation, a California nonprofit public benefit corporation ("LINC") and LINC-Monterey Park Apartments Housing Investors, LP, a California limited partnership ("Awardee").

#### RECITALS

A. City and LINC are parties to that certain Agreement for HOME/CHDO Funds dated July 22, 2013 (referred to in that document as the "Agreement"). Capitalized terms not defined herein shall have the meanings given to them in the Agreement except for the term "Agreement" shall now be changed to "HOME Loan."

B. City and LINC are also parties to that certain HOME Predevelopment Loan Agreement entered into as if October 2, 2013, and LINC has executed a Promissory Note dated September 19, 2013 (collectively, the "Predevelopment Advance Documents") in the amount of \$83,483 (the "Predevelopment Advance"). Pursuant to the Predevelopment Advance Documents, The Predevelopment Advance was an advance of the \$834,833 loan HOME FUNDS under the HOME Loan for purposes of funding the predevelopment cost budget set forth in Exhibit D of the Predevelopment Advance Documents.

C. City wishes to promote the development and availability of affordable multifamily rental housing within the City of Monterey Park. The City and LINC Community Development Corporation entered into that certain Development Agreement dated March 4, 2014 with respect to the Project (as defined below), which Development Agreement has been assigned to Borrower pursuant to the First Amendment to Development Agreement which is executed by the City, the Monterey Park Successor Housing Authority and LINC Community Development Corporation ("SHA"), and Awardee on or about \_\_\_\_\_, 2015 (the Development Agreement and First Amendment to Development shall collectively referred to hereafter as "Development Agreement").

D. Awardee intends to improve, construct and operate the Project (as that term is defined in the Development Agreement).

E. City, LINC and Awardee desire by this Amendment to assign the HOME Loan to Awardee and to amend the Home Loan as set forth below.

#### AGREEMENT

NOW THEREFORE, in consideration of the foregoing, the parties hereto do hereby agree as follows:

1. Amendments. Effective the date hereof, the Agreement is amended as provided below.

(a) The second paragraph of Section II and Section V.B. of the Agreement is hereby amended by replacing all references to “not less than 30 years” with “55 years”.

(b) The second paragraph of Section III of the Agreement is hereby amended by adding the following language:

“Of the six units, 1 will be a manager’s unit, 2 will be leased low HOME households, and 3 will be leased to high HOME households.”

(c) Section VI of the Agreement is hereby amended by adding the following new Sections VI.D. & E.:

“D. The note evidencing the loan of the Funds shall be for a term of 55 years, shall bear simple interest at the rate of 3% per annum, and shall be repayable from 35% of the City’s Share of the Residual Receipts (as defined in the Loan Agreement By and Between the City and LINC (“Acquisition Loan”) in the form attached to the Development Agreement as Exhibit 4”) , with the remaining 65% of City’s Share of the Residual Receipts applied against the Acquisition Loan.

E. The following liens and encumbrances, subject to the reasonable conditions of City for the subordination of its Deed of Trust, are approved by City as allowable encumbrances senior in priority to the deed of trust securing the Funds (the “**Senior Loan**”) except the Senior Loan take the Property subject to the rights and obligations of the Developer set forth in the Development Agreement and the Awardee, the Loan Agreement, and this HOME Loan, including but not limited to the Affordability Covenants and Parking Covenants as provided in the subordination agreement executed by City:

(i) A construction loan in the amount of approximately \$7,000,000.

(d) Section XIX.J. of the Agreement is hereby amended by adding the following language:

“Notwithstanding any other provision of this Home Loan to the contrary, City approval of a transfer of the Project and all rights, interests, obligations and duties of Awardee under the Agreement is not required in connection with any of the following:

(a) Any transfer to a limited liability company, partnership, corporation, or other entity or entities in which Awardee retains a portion

of the ownership or beneficial interest and retains management and control of the transferee entity or entities.

(b) The conveyance or dedication of any portion of the Project to City or other public entity, or the granting of easements or permits to facilitate the Work.

(c) Any requested assignment for financing purposes (subject to such financing being considered and approved by the City pursuant to Section 311 herein), including the grant of a deed of trust to secure the funds necessary for construction of the Improvements.

In the event of a transfer by Awardee under subparagraph (a) above not requiring City's prior approval, Awardee nevertheless agrees that at least thirty (30) days before such transfer it must give written notice to City of such assignment and satisfactory evidence that the assignee has assumed in writing through an assignment and assumption agreement of all of the obligations of this Agreement. Such assignment must release the assigning Awardee from any obligations to the City hereunder."

(e) A new Section XX is hereby added to the Home Loan, to read as follows:

A. HOME FUNDS Documents. As a condition to funding the balance of the HOME FUNDS to Awardee, Awardee shall execute the forms of Note (the "**HOME Loan Promissory Note**"), Deed of Trust (the "**HOME Loan Deed of Trust**") to be recorded against the PROJECT in the forms attached to the Development Agreement as Exhibits 3 and 11. The Home Loan, the HOME Loan Promissory Note, the HOME Loan Deed of Trust and the HOME Loan Regulatory Agreement are referred to herein as the "**HOME Loan Documents**". The parties hereto agree that upon such execution and recordation, the Predevelopment Advance Documents shall be void and of no further effect, and that any obligations thereunder shall be obligations under the HOME Loan Documents.

B. Additional Remedies. In addition to all of the fault or non-fault based rights and remedies available to the City under the Development Agreement and HOME Loan, the City shall have the right but not the obligation to exercise any or all of the remedies set forth in the HOME Loan Documents for any failure by Awardee to comply with the terms of the Home Loan.

C. Limited Partners. Notwithstanding anything to the contrary contained herein or under the HOME Loan Documents, City hereby agree that any cure of any default made or tendered by one or more of Awardee's limited partners shall be deemed to be a cure by Awardee and shall be accepted or rejected on the same basis as if made or tendered by

Awardee. Copies of all notices which are sent to Awardee hereunder shall also be sent to: Raymond James Tax Credit Funds, Inc., 880 Carillon Parkway, St. Petersburg, Florida 33716, Attention: Steve Kropf, President.

(f) Project Implementation Timeline. Exhibit 1 to the Home Loan is hereby amended and replaced with Exhibit 1 hereto.

(g) New Exhibits. Exhibit 3 is hereby amended and replaced with Exhibit 3 hereto, Exhibit 4 is hereby deleted, Exhibit 5 is hereby amended and replaced with Exhibit 5 hereto, and Exhibit 7 is hereby added to the Home Loan in the form attached hereto as Exhibit 2.

2. Assignment by LINC. Effective as of the date the HOME Deed of Trust (as defined below) is recorded, LINC hereby transfers its interest under the Home Loan, as amended hereby, to Awardee, in which LINC-Monterey Park Apartments, LLC, a California limited liability company ("**General Partner**") is the sole general partner. LINC is a managing member General Partner. Upon such assignment, LINC is hereby released from all obligations under the Home Loan and Awardee shall assume all obligations under the Home Loan. City hereby agrees to the foregoing assignment, assumption and release.

3. No Defaults. The parties hereto hereby agree and acknowledge that as of the date hereof, there are no defaults under the Home Loan or with respect to the HOME FUNDS, including under the Predevelopment Advanced Documents.

4. Affirmation of the Agreement. Except for the foregoing, the parties hereto affirm the Home Loan. Except as set forth herein, the parties do not intend to make any other changes to the Home Loan.

5. Counterparts. This Amendment may be signed by different parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts shall be deemed an original of this Amendment.

[SIGNATURES ON FOLLOWING PAGE]



IN WITNESS WHEREOF, the City and Awardee have caused this Amendment to be duly executed as of the day and year first above written.

CITY:

City of Monterey Park,  
a municipal corporation and general law city

By: \_\_\_\_\_  
Paul Talbot, City Manager

ATTEST:

\_\_\_\_\_  
Vincent Chang, City Clerk

APPROVED AS TO FORM:  
Mark D. Hensley, City Attorney

By: \_\_\_\_\_

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

**AWARDEE:**

**LINC-Monterey Park Apartments Housing Investors, LP,  
a California limited partnership**

**By: LINC-Monterey Park Apartments, LLC,  
a California limited liability company,  
its Managing General Partner**

**By: LINC Community Development Corporation,  
a California nonprofit public benefit corporation,  
its Authorized Member**

**By: \_\_\_\_\_  
Suny Lay Chang  
Senior Vice President and  
Director of Housing Development**

**LINC:**

**LINC Community Development Corporation,  
a California nonprofit public benefit corporation**

**By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_**

## Exhibit 1

## **EXHIBIT 4**

### **LOAN AGREEMENT BY AND BETWEEN THE MONTEREY PARK SUCCESSOR HOUSING AUTHORITY AND LINC-MONTEREY PARK APARTMENTS HOUSING INVESTORS, LP**

This Loan Agreement ("Acquisition Loan ") is made this \_\_\_\_ day of \_\_ 2015, by and between the Monterey Park Successor Housing Agency , a political subdivision of the state of California ("SHA") pursuant to Assembly Bill 1X26, , and LINC-Monterey Park Apartments Housing Investors, LP, a California limited partnership ("Borrower").

#### **RECITALS**

A. SHA wishes to promote the development and availability of affordable multifamily rental housing within the City of Monterey Park. SHA and LINC Community Development Corporation entered into that certain Development Agreement dated March 4, 2014 with respect to the Project (as defined below), which Development Agreement has been assigned to Borrower pursuant to the First Amendment to Development Agreement which is executed by the City, SHA and LINC Community Development Corporation, and Borrower on or about \_\_\_\_\_, 2015 (the Development Agreement and First Amendment to Development shall collectively referred to hereafter as "Development Agreement").

B. Borrower intends to acquire, rehabilitate, own and manage 25 affordable housing units for Low-Income Households (as defined below) located at 321, 325, 341 and 371 E. Pomona Boulevard, and 534 N. Chandler Avenue, Monterey Park, California, and to acquire, construct, own and manage 6 units, of which 1 is a manager's unit and 5 will be affordable housing units for Low-Income Households located at 236 S. Ramona Avenue, Monterey Park, California .

C. Borrower applied to City for a HOME Loan to provide financing for the Project, including, without limitation, covering the cost of certain impact fees required by the City.

D. The SHA agreed to loan Borrower the sum of Two Million Eighty Thousand Dollars (\$2,080,000) (the "Acquisition Loan") for purposes of Borrower acquiring the Property based upon the terms and conditions set forth in this Loan Agreement

E. As a condition of this Acquisition Loan, Borrower must execute, among other things, the First Amendment to Development Agreement, the Acquisition Loan Documents , and such other documents required in the Development Agreement to be executed and/or recorded), and the Acquisition Deed of Trust must be recorded against the Property. These instruments are intended to secure SHA's financial interest in the Project as well as its continuing interest in the affordability and habitability of the Project, as well as to secure performance of other covenants contained in these agreements.

NOW THEREFORE, IN CONSIDERATION of the mutual agreements, obligations, and representations, and in further consideration for the making of the Acquisition Loan, SHA and Borrower agree as follows:

## ARTICLE 1 DEFINITIONS

The following terms have the meanings and content set forth in this section wherever used in this Loan Agreement or documents incorporated into this Loan Agreement by reference.

1.1 **“Annual Financial Statement”** means the certified financial statement of Operating Expenses and Revenues, including but not limited to a detailed report of all Operating Expenses and a statement of the Borrower’s Operating Reserve and Replacement Reserve Fund, prepared at Borrower’s expense, by an independent certified public accountant acceptable to SHA, which shall form the basis for determining the Residual Receipts.

1.2 **“Awardee”** shall have the same meaning as “Borrower.”

1.3 **“Acquisition Deed of Trust”** is that deed of trust, assignment of rents, and security agreement placed on the Property as security for the Acquisition Loan by Borrower as trustor with SHA as beneficiary, as well as any amendments to, modifications of, and restatements of said deed of trust. The terms of the Deed of Trust have been incorporated into this Acquisition Loan the form of which is attached to the Development Agreement as Exhibit 10.

1.4 **“Acquisition Loan”** means the loan of Two Million Eighty Thousand Dollars (\$2,080,000) for the purchase price of the Property (except the 236 S. Ramona Avenuc property) from the SHA to Borrower pursuant to the terms and conditions set forth in this Acquisition Loan.

1.5 **“Acquisition Loan Documents”** are collectively this Acquisition Loan , the Acquisition Promissory Note and the Acquisition Deed of Trust, as they may be amended, modified, or restated from time to time to the extent such are properly authorized and executed, along with all exhibits and attachments to these documents.

1.6 **“Acquisition Promissory Note”** is that promissory note executed by Borrower in favor of SHA evidencing the Acquisition Loan in the amount of Two Million Eighty Thousand Dollars (\$2,080,000) (the form of which is attached to the Development Agrcement as Exhibit “10\_”) which is secured by the Acquisition Deed of Trust, as well as any amendments to, modifications of, or restatements of said promissory note that are in set forth in a properly authorized and executed document. The terms of the Note are hcreby incorporated into this Loan Agreement by this reference.

1.7 **“Borrower”** is LINC-Monterey Park Apartments Housing Investors, LP, a California limited partnership, and its authorized representatives, assigns, transferees, or successors-in-interest thereto.

1.8 **“City”** means the City of Monterey Park, a California municipal corporation. “

1.9 **“Developer”** shall have the same meaning as Borrower.

1.10 **“Hazardous Material”** means any hazardous or toxic substances, materials, wastes, pollutants, or contaminants which are defined, regulated, or listed as “hazardous substances,” “hazardous wastes,” “hazardous materials,” “pollutants,” “contaminants,” or “toxic substances,” under federal or state environmental and health and safety laws and regulations, including without limitation petroleum and petroleum byproducts, flammable explosives, urea formaldehyde insulation, radioactive materials, asbestos, and lead. Hazardous Materials do not include substances that are used or consumed in the normal course of developing, operating, or occupying a housing project, to the extent and degree that such substances are stored, used, and disposed of in the manner and in amounts that are consistent with normal practice and legal standards.

1.11 **“HOME FUNDS”** means the loan funds in the amount of \$834,833 made pursuant to the Home Loan and the “HOME Loan Documents” described therein.

1.12 **“HOME Loan”** means Agreement for HOME/CHDO Funds dated July 22, 2013, entered into between the City and Borrower as assigned as amended and assigned to Maker pursuant to the First Amendment to Agreement for HOME/CHDO Funds of even date herewith, between Holder and the Maker dated \_\_\_\_\_, 2015.

1.13 **“Improvements”** means the improvements to be rehabilitated or constructed on the Property as part of the Project.

1.14 **“Interest Rate”** means [AFR]%, compounded annually.

1.15 **“Low-Income Household”** means (a) as to the portion of the Project located at 236 S. Ramona Avenue, Monterey Park, households whose income does not exceed low HOME rent as to 2 units and high HOME rents as to 3 units, and 1 manager’s unit; and (b) as to the portion of the Project located at 321, 325, 341 and 371 E. Pomona Boulevard, and 534 N. Chandler Avenue, Monterey Park, households whose income does not exceed low HOME rent as to 6 units and high HOME rents as to 19 units.

1.16 **“Operating Expenses”** means actual, approved reasonable and customary costs, fees and expenses directly attributable to the operation, recordkeeping, maintenance, taxes and management of the Project including, without limitation: a commercially reasonable property management fee; taxes and assessments; payroll and payroll taxes for property employees;

insurance; security, painting, cleaning, repairs, and alternations; landscaping; sewer charges; utility charges; advertising, promotion and publicity; cable television, satellite and other similar services; office, janitorial, cleaning and building supplies; approved recreational amenities and supplies; purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishing; fire alarm monitoring; fees and expenses of accountants, attorneys, consultants and other professionals. The Operating Expenses must be reported in the Annual Financial Statement.

1.17 **"Operating Reserve"** means a reserve account to be maintained by Borrower that shall not exceed 100% of the annual Operating Expenses.

1.18 **"Payment Date"** means the date on which any payment is due to SHA by Borrower under Section 2.8 below.

1.19 **"Plans and Specifications"** means the plans and specifications for the construction of the Project as approved by the City.

1.20 **"Project"** means that term as it is defined in the Development Agreement.

1.21 **"Property"** consists of the real property located at 321, 325, 341 and 371 E. Pomona Boulevard, 534 N. Chandler Avenue, and 236 S. Ramona Avenue, Monterey Park, California and more particularly described in the attached Exhibit A, which is incorporated into this Loan Agreement by this reference, and any buildings or Improvements now or hereafter situation on such property.

1.22 **"Replacement Reserve Fund"** shall mean the amount that Borrower shall be allowed to hold and to deposit in a reserve account for purposes of replacing and repairing Improvements on the Property, in accordance with a budget or projections approved by City in its reasonable discretion.

1.23 **"Restricted Unit"** means any of the 30 rental units on the Property which is reserved for occupancy by a household with Low-Income Households.

1.24 **"Residual Receipts"** mean Revenues reduced in the following order: (1) Operating Expenses calculated on a cash basis; (2) debt service on senior project debt on the Senior Loans (as defined in Section 4.7); (3) payments to the Operating Reserve Fund; (4) payments to the Replacement Reserve Fund; (5) repayment of general partner loans; (6) deferred developer fees; (7) limited partner asset management fee up to Five Thousand and No/100 Dollars (\$5,000) which shall be increased by 3% per annum; and (8) general partner management fee up to Twenty-Five Thousand and No/100 Dollars (\$25,000) which shall be increased by 3% per annum.

1.25 **"Revenue"** means all income derived from the Project, including, without limitation, rent from the units, laundry operations, and parking fees. Syndication proceeds or interest earned on reserves are not Revenue.

1.26 **"SHA"** means the Monterey Park Successor Housing Agency that was formed as a result of the dissolution of the of Monterey Park Redevelopment Agency pursuant to

Assembly Bill 1X26 and which owns the Property with the exception of 236 S. Ramona Avenue, Monterey Park, acting as a political subdivision of the State of California.

## ARTICLE 2. CITY LOAN TERMS

2.1 **Acquisition Loan.** SHA agrees to provide the Acquisition Loan to Borrower under the terms and conditions of Acquisition Loan Documents.

2.2 **Acquisition Loan Amount.** On and subject to the terms and conditions of the Acquisition Loan Documents, City agrees to make and Borrower agrees to accept a loan in an amount not to exceed Two Million Eighty Thousand Dollars (\$2,080,000), evidenced by the Acquisition Note, in this amount and secured by the Acquisition Deed of Trust recorded against the Property.

2.3 **Interest.** The Note will bear simple interest at the Interest Rate, until paid. Interest is computed based upon a three hundred sixty (360) day year, and a thirty (30) day month.

2.4 **Loan Term.** Unless sooner due pursuant to the Note, the principal of the Loan and all accrued interest thereon shall be due and payable on the earliest of (a) fifty-five (55) years from the date of the execution of the Note, or (b) an Event of Default by Borrower which has not been cured as provided for in this Loan Agreement.

2.5 **Use of Funds.** Acquisition Loan proceeds shall be used to pay for the acquisition of the Property (except the 236 S. Ramona property).

2.6 **Collateral.** As collateral for the Acquisition Loan, the Borrower must provide the City an executed Acquisition Deed of Trust in the form attached as Exhibit "C" giving the City a security interest in the Property. The Borrower must deliver concurrently with the execution of the Acquisition Deed of Trust, the original executed Note in the form attached as Exhibit "B," which SHA will hold until the Note is paid in full.

2.7 **Loan Prepayment.** No prepayment penalty will be charged to Borrower for payment of all or any portion of the SHA Loan amount before the end of the SHA Loan term described herein.

2.8 **Loan Repayment.**

(a) The Residual Receipts will be reported and the City Loan will be paid as follows:



(i) On or before each Payment Date, Borrower will submit its Annual Financial Statement to SHA for the preceding calendar year together with the City's Share, if any. SHA will review and approve such statement, or request revisions, within sixty (60) days after receipt. In the event that SHA determines as the result of its review that there is an understatement in the amount and payment of SHA's Share (as defined below) of Residual Receipts due to SHA, Borrower will promptly pay to SHA its share of such understatement, but in any event, within twenty (20) days of notice of such understatement. If contested, Borrower has the right to pay under protest. In the event that SHA determines that there is an overstatement, SHA shall promptly refund the amount to Borrower, but in any event, within thirty (30) days of such determination.

(B) The Acquisition Loan will be repaid from Residual Receipts as follows: SHA will receive an amount equal to fifty percent (50%) of Residual Receipts ("City's Share") of which sixty-five percent (65%) shall be towards the Acquisition Loan, and thirty-five percent (35%) shall be applied to the HOME Loan, and Borrower will receive an amount equal to fifty percent (50%) of Residual Receipts of the Project ("Borrower's Share"). SHA and Borrower agree that the Acquisition Loan Documents only cover 65% of SHA's Share of Residual Receipts, and that references to the HOME Loan are for guidance only.

(C) Upon payment in full of the Acquisition Loan, SHA will have no further right to payment of any portion of the Residual Receipts, provided that the foregoing shall not affect the HOME Loan which are governed by the HOME Loan Documents.

### ARTICLE 3. DISBURSEMENT OF CITY LOAN PROCEEDS

3.1 **City Loan Disbursement.** The Acquisition Loan is a seller takeback loan and shall be executed and recorded as part of the Closing pursuant to the terms and conditions of the Development Agreement and this Acquisition Loan.

### ARTICLE 4. PROJECT DEVELOPMENT

4.1 **Plans and Specifications.** Borrower must develop the Project in accordance with the Project and Scope of Development (as that term is defined in the Development Agreement), including without limitation plans and specifications as submitted to, and approved by, the City, for the rehabilitation or construction of the Project.

4.2 **Contracts and Subcontracts.** All construction work and professional services for the Project must be performed by persons or entities licensed or otherwise authorized to perform the applicable construction work or service in the State of California.

4.3 **Completion of Construction.** Following commencement of construction, Borrower must diligently perform construction of the Project to completion as evidenced by the recording of a Notice of Completion with the Los Angeles County Recorder's Office.

4.4 **Quality of Work.** Borrower must develop the Project in full conformance with applicable federal, California and City statutes, ordinances and regulations including, without limitation, the City Building and Safety Code and complete all work in a good workman quality and manner.

4.5 **Records.** Borrower is accountable to City for all funds disbursed to Borrower pursuant to the Loan Documents, if any. Borrower agrees to maintain records that accurately and fully show the date, amount, purpose, and payee of all expenditures, and to keep all invoices, receipts, and other documents related to expenditures for not less than three (3) years after completion of the Project as evidenced by the recording of the Notice of Completion.

4.6 **Notice of Completion.** Upon completion of the Improvements to the Property, and in accordance with the terms and conditions of the Development Agreement, Borrower must arrange to have a Notice of Completion in the form attached to the Development Agreement prepared and filed with the Los Angeles County Recorder's Office.

4.7 **Encumbrance of Property.** (a) Except as permitted under subsection (b), Borrower cannot engage in any financing or any other transaction creating any security interest or other monetary encumbrance or lien upon the Property, whether by express agreement or operation of law, or allow any encumbrance or lien to be made on or attached to the Property except with the prior written consent of City.

(b) The following liens and encumbrances, subject to the reasonable conditions of SHA for the subordination of its Deed of Trust, are approved by City as allowable encumbrances senior in priority to the Acquisition Deed of Trust (the "**Senior Loans**"), except the Senior Loans take the Property subject to the rights and obligations of the Developer set forth in the Development Agreement, the Acquisition Loan, and the Home Loan, including but not limited to the Affordability Covenant and Parking Covenants as provided a subordination agreement executed by City:

(i) A construction loan in the amount of approximately \$7,000,000 with a term of 18 months (with two potential six month extensions)(construction loan), and (ii) Home Loan.

(c) SHA must provide Borrower with its conditions for subordination of its Acquisition Deed of Trust and Borrower must deliver those conditions set forth in a proposed subordination agreement to SHA as referenced in subsection (b).

4.8 **Mechanics' Lien and Stop Notices.** If any claim of lien is filed against the Property or a stop notice affecting the Acquisition Loan is served on SHA or City or a other third party in connection with the Project, Borrower must, within the time period provided by statute, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to SHA and City a surety bond in sufficient form and amount, or provide SHA and City with other assurance reasonably satisfactory to SHA and City that the claim of lien or stop notice will be bonded over in accordance with applicable law, paid or discharged.

If Borrower fails to discharge any lien, encumbrance, charge or claim referred to here, then in addition to any other right or remedy, SHA may, but is not be under any obligation to, discharge such lien, encumbrance, charge, or claim at Borrower's expense which Borrower shall be obligated to reimburse SHA for within thirty (30) days written notice and demand of Borrower for such payment and also be an additional obligation of Borrower to SHA and be secured by the Acquisition Deed of Trust.

**4.9 Fees, Taxes, and Other Levies.** Borrower is responsible for payment of all fees, assessments, taxes, charges and levies imposed by any public authority or utility company with respect to the Property or the Project, and must pay such charges before delinquency. Notwithstanding the foregoing, Borrower is not required to pay and discharge any such charge so long as (a) the legality thereof is being contested diligently and in good faith and by appropriate proceedings, and (b) if requested by SHA, Borrower deposits with SHA any funds or other forms of assurance City in good faith from time to time determines appropriate to protect SHA from the consequences of the contest being unsuccessful.

If Borrower fails to discharge any such fees, assessments, taxes, charges or levies referred to here, then in addition to any other right or remedy, SHA may, but is not be under any obligation to, discharge such at Borrower's expense which Borrower shall be obligated to reimburse SHA for within thirty (30) days written notice and demand of Borrower for such payment and also be an additional obligation of Borrower to SHA and be secured by the Acquisition Deed of Trust.

**4.10 Damage to Property.** If any building or improvements erected by Borrower on the Property is damaged or destroyed by an insurable cause, Borrower must, at its cost and expense, diligently undertake to repair or restore such buildings and improvements consistent with the original plans and specifications for the Project. This work or repair will be initiated as soon as is practicably reasonable to prevent further damage or destruction to the Property but no later than one hundred twenty (120) days after the damage or loss occurs and be completed within one (1) year thereafter. All insurance proceeds collected for such damage or destruction must be applied to the cost of such repairs or restoration and, if such insurance proceeds are insufficient for such purpose, Borrower must make up the deficiency.

## ARTICLE 5. PROJECT OPERATION

**5.1 Project Management.** Borrower and Borrower's property manager must lease, operate and manage the Project in full compliance with all laws applicable to the operation of the Project. Borrower further agrees that it must maintain and operate the Project so as to provide decent, safe and sanitary housing and provide all Project tenants with the same level of services, amenities and maintenance.

**5.2 Non-Discrimination.** Borrower cannot discriminate nor segregate in the development, construction, use, enjoyment, occupancy, lease, sublease or rental of any part of the Property on the basis of race, color, creed, ancestry, national origin, religion, sex, sexual preference or orientation, age, marital status, family status, source of income, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC)

acquired or perceived, or any other arbitrary basis. Borrower shall otherwise comply with all applicable City, California and federal laws concerning discrimination in housing.

## ARTICLE 6. EMPLOYMENT

6.1 **Non-Discrimination.** Borrower cannot discriminate against any employee or applicant for employment because of race, color, creed, ancestry, national origin, religion, sex, sexual preference or orientation, age, marital status, family status, source of income, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC) acquired or perceived, or any other arbitrary basis.

6.2 **Prevailing Wage.** If applicable, all workers performing construction work for the Project employed by Borrower or by any contractor or subcontractor must be compensated in an amount not less than that required, if at all, by Labor Code §§ 1720, *et seq.* and 1770, *et seq.*, and all orders and regulations of the California Department of Industrial Relations pursuant to those statutes.

6.3 **Child Support Compliance.** Borrower must comply with the California Child Support Compliance Act of 1998 as implemented by the California Employment Development Department.

## ARTICLE 7. INDEMNITY AND INSURANCE

7.1 **Insurance Requirements.** Borrower must, at its sole cost and expense, insure and keep insured, the Project against such perils and hazards, and in such amounts and with such limits, as SHA may, from time to time require, and, in any event, including insurance against loss to the Project, which during construction must be on an "All Risk" perils "Builders' Risk," non-reporting "Completed Value" form and after completion of construction, must be insurance against such other risks as SHA may reasonably require. Such policies must be in amounts equal to the full replacement cost of the Project (other than the Property), including the foundation and underground pipes, all fixtures, equipment, construction materials and personal property on and off site, and Borrower's interest in any leasehold improvements.

7.2 **Workers' Compensation.** During the construction of or making of any alterations or improvements to the Project as well as during the operation of the Project, Borrower shall maintain (a) insurance covering claims based on the owner's or employer's contingent liability not covered by the insurance provided in Section 8.4 and (b) workers' compensation insurance covering such of the persons engaged in such alterations or improvements and operations as SHA or City may require.

7.3 **Public Liability.** Commercial general public liability insurance against death, bodily injury and property damage arising in connection with the Project. Such policy is subject to the approval of SHA which may not be unreasonably withheld, , list Borrower as the named insured, designate thereon the location of the Project and have such limits as SHA may reasonably require, but in no event less than \$2,000,000.00.

**7.4 Contractor's Insurance.** During the entire period of construction, Borrower must provide insurance in accordance with the terms of the Development Agreement.

**7.5 Application of Proceeds.** (a) If all or any part of the Project is damaged or destroyed by fire, earthquake or other casualty, or damaged or taken through the exercise of the power of eminent domain or other cause, SHA must be reimbursed for all costs and expenses incurred to collect such proceeds and thereafter hold and disburse to Borrower as Borrower's Funds the net insurance proceeds, award or other compensation, proceeds from insurance (collectively, the "Proceeds"), and Borrower must promptly and with all due diligence restore and repair the Project, whether or not the Proceeds are sufficient to pay the cost of such restoration or repair. Notwithstanding anything to the contrary contained herein, so long as the value of City's lien is not impaired, any insurance and/or condemnation proceeds may be used by Borrower for repair and/or restoration of the Project.

(b) If the amount of the Proceeds to be made available to Borrower is less than the cost of the restoration or repair as estimated by SHA in its reasonable judgment, Borrower must cause to be deposited with SHA the amount of such deficiency within thirty (30) days of City's written request therefor (but in no event later than the commencement of the work).

**7.6 Insurance Advances.** In the event that Borrower fails to maintain the full insurance coverage required by this Loan Agreement, SHA, after at least seven (7) business days prior written notice to Borrower, may, but is under no obligation to, take out the required policies of insurance and pay the premiums on such policies. Any amount so advanced by SHA, together with interest thereon from the date of such advance at the same rate of indebtedness as specified in the Acquisition Note (unless payment of such an interest rate would be contrary to applicable law, in which event such sums shall bear interest at the highest rate then allowed by applicable law), will become due and payable by Borrower within thirty (30) days and written notice and demand is made for such by SHA and also be an additional obligation of Borrower to SHA and be secured by the Acquisition Deed of Trust.

**7.7 Non-Liability of Officials, Employees and Agents.** The officials, officers, employees and other agents of SHA or City are not personally liable to Borrower for any obligation created under the terms of these Loan Documents.

**7.8 Indemnity.** Notwithstanding the insurance coverage required herein, Borrower must defend, indemnify and hold City and its officials, officers, employees and other agents, free and harmless against any losses, damages, liabilities, claims, demands, judgments, actions, court costs, and legal or other expenses (including reasonable attorneys' fees) which the City may incur as a direct or indirect consequence of (1) Borrower's failure to perform any obligations as and when required by this Acquisition Loan; (2) any failure of any of Borrower's representations or warranties to be true and complete; or (3) any act or omission by Borrower or any contractor, subcontractor, management agent, or supplier with respect to the Project or the Property, except where such losses are caused by the sole negligence or willful misconduct of SHA. Borrower must pay immediately upon demand by SHA or City any amounts owing under this indemnity. The duty of the Borrower to indemnify includes the duty to defend SHA and City in any court action, administrative action, or other proceeding brought by any third party arising

from the Project or the Property. Borrower's duty to indemnify the City survives the term of this Loan Agreement.

**7.9 Development Agreement.** To the extent there are any inconsistencies between the insurance and indemnity provisions set forth in this Acquisition Loan, the provisions that afford the City and/or SHA the greatest level of insurance coverage and indemnity shall apply.

## ARTICLE 8 DEFAULT AND REMEDIES

**8.1 Events of Default.** In addition to those events that constitute a default under the Development Agreement, the occurrence of any of the following events constitutes an "Event of Default" under this Acquisition Loan and the Development Agreement:

(a) Monetary. (i) Borrower's failure to pay when due any sums payable under SHA under the Acquisition Note, Acquisition Deed of Trust or this Acquisition Loan ; (ii) Borrower's failure to obtain and maintain the insurance coverage required under Acquisition Loan ; or (iii) Borrower's failure to make any other payment or assessment, including but not limited to those identified under Sections 4.8 and 4.9 of this Acquisition Loan , due under the Acquisition Loan Documents;

(b) Construction. (i) Borrower's failure to commence or complete construction, without proper justification under the unavoidable delay provision of the Development Agreement, according to the construction schedule specified in the Development Agreement and this Acquisition Loan ; (ii) the cessation of construction before completion of the Project for a period of more than fifteen (15) continuous calendar days without proper justification; (iii) any material adverse change in the condition of Borrower or the Project or any other event that gives SHA reasonable cause to believe that the Project cannot be constructed by the scheduled completion date according to the terms of this Loan Agreement; (iv) the filing of any claim of lien against the Property or service on SHA or City of any stop notice relating to the Acquisition Loan and the continuance of the claim of lien or stop notice for thirty (30) days after such filing or service without payment, discharge, or satisfaction as provided for in this Acquisition Loan ; (v) Borrower's failure to remedy any deficiencies in recordkeeping or failure to provide records to SHA upon SHA's request; (vi) Borrower's failure to substantially comply with any applicable federal, state or local laws or SHA or City policies governing construction, including but not limited to provisions of this Acquisition Loan pertaining to equal employment opportunity and Hazardous Materials;

(c) Operation. (i) discrimination by Borrower on the basis of characteristics prohibited by this Acquisition Loan or applicable law; (ii) the imposition of any encumbrances or liens on the Property without SHA's prior written approval that are prohibited under this Acquisition Agreement or that have the effect of reducing the priority of or invalidating the Acquisition Deed of Trust; (iii) Borrower's use of Acquisition Loan funds for purposes inconsistent with the terms and restrictions in this Acquisition Agreement or the Acquisition Loan Documents; or (iv) any material adverse change in the condition of Borrower or the Project

or construction financing or funding for the Project that gives City reasonable cause to believe that the Project cannot be operated according to the terms of the Development Agreement and the Acquisition Loan Documents;

(d) General performance of Loan obligation. Any substantial or continuous breach by Borrower of any material obligations on Borrower imposed in the Development Agreement or Acquisition Loan Documents;

(e) General performance of other obligations. Any substantial or continuous breach by Borrower of any material obligations on Borrower imposed by any other agreements with respect to the financing, development, or operation of the Project or the Property, whether or not SHA is a party to such agreement;

(f) Representations and Warranties. A determination by City that any of Borrower's representations or warranties made in the Development Agreement or the Acquisition Loan Documents, any statements made to SHA or City by Borrower, or any certificates, documents, or schedules supplied to SHA or City by Borrower were untrue in any material respect when made, or that Borrower concealed or failed to disclose a material fact from SHA or City.

(g) Damage to Property. Material damage or destruction to the Property by fire or other casualty, if Borrower does not take steps to reconstruct the Property as required by the Acquisition Loan Documents;

(h) Bankruptcy, dissolution and insolvency. Borrower's or any general partner of Borrower's or any person, entity or corporation controlling Borrower (i) filing for bankruptcy, dissolution, or reorganization, or failure to obtain a full dismissal of any such involuntary filing brought by another party before the earlier of final relief or sixty (60) days after the filing; (ii) making a general assignment for the benefit of creditors; (iii) applying for the appointment of a receiver, trustee, custodian, or liquidator, or failure to obtain a full dismissal of any such involuntary application brought by another party before the earlier of final relief or ninety (90) days after the filing; (iv) insolvency; (v) failure, inability or admission in writing of its inability to pay its debts as they become due.

**8.2 Notice of Default and Opportunity to Cure.** For any Event of Default, SHA must give written notice thereof to Borrower by specifying: (a) the nature of the event or deficiency giving rise to the Default, (b) the action required to cure the deficiency, if an action to cure is possible, and (c) a date, which shall not be less than thirty (30) calendar days (or ten (10) calendar days if the Event of Default is monetary) from the date of receipt of the notice or the date the notice was received, by which such action to cure must be taken. Notwithstanding anything to the contrary contained herein, SHA hereby agrees that any cure of any default made or tendered by Borrower's limited partner shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower.

Notwithstanding anything to the contrary set forth herein, any "Event of Default" does not constitute an "Event of Default" for the purposes of this Acquisition Loan if the defaulting party cures, corrects or remedies the Event of Default within (a) thirty (30) calendar days (ten

(10) calendar days if the Event of Default is monetary) from receipt from the non-defaulting party of the aforementioned notice (or refusal thereof), or (b) solely in the event of a nonmonetary Event of Default, if such non-monetary default cannot be reasonably cured within thirty (30) days, such longer period as is necessary to cure such default, provided the defaulting party commences the cure within the thirty (30) day period from receipt (or refusal) of the aforementioned notice and diligently prosecutes such cure to completion.

**8.3 SHA Remedies.** Upon the happening of an Event of Default by Borrower and a failure to cure such Event of Default within the time specified in section 10.2 above, SHA may, in addition to other rights and remedies permitted by the Development Agreement or this Acquisition Loan or applicable law, proceed with any or all of the following remedies in any order or combination SHA may choose in its sole discretion.

(a) Terminate this Loan Agreement, in which event the entire principal amount outstanding and all accrued interest under the Acquisition Note, as well as any other monies advanced to Borrower by SHA under the Acquisition Loan Documents including administrative costs, will immediately become due and payable at the option of SHA;

(b) Bring an action in equitable relief (1) seeking the specific performance by Borrower of the terms and conditions of the Loan Documents and/or (2) enjoining, abating, or preventing any violation of said terms and conditions and/or (3) seeking declaratory relief;

(c) Accelerate the Acquisition Loan, and demand immediate full payment of the principal amount outstanding and all accrued interest under the Acquisition Note, as well as any other monies advanced to Borrower by SHA under the Acquisition Loan Documents;

(d) Enter the Property and take any actions necessary in its judgment to complete construction of the Project including, without limitation, (1) making changes in the Plans and Specifications or other work or materials with respect to the Project, (2) entering into, modifying, or terminating any contractual arrangements (subject to SHA's right at any time to discontinue work without liability), and (3) taking any remedial actions with respect to Hazardous Materials that City deems necessary to comply with Hazardous Materials Laws or to render the Property suitable for occupancy.

(e) Seek appointment from a court of competent jurisdiction of a receiver with the authority to complete construction as needed to preserve SHA's interest in seeing the Project developed in a timely manner (including the authority to take any remedial actions with respect to Hazardous Materials that SHA or the receiver deems necessary to comply with Hazardous Materials Laws or to render the Property suitable for occupancy);

(f) Order immediate stoppage of construction and demand that any condition leading to the Event of Default be corrected before construction may continue;

(g) Expend funds in any amount necessary to cure any monetary default;

(h) Enter upon, take possession of, and manage the Property, either in person, by agent, or by a receiver appointed by a court, and collect rents and other amounts specified in the assignment of rents in the Deed of Trust and apply them to operate the Property or to pay off



the Acquisition Loan or any advances made under the Acquisition Loan Documents, as provided for by the Acquisition Deed of Trust;

(i) Initiate and pursue any private and/or non-judicial or judicial foreclosure action allowed under applicable law and the power of sale provision in the Deed of Trust;

(j) With respect to defaults under Hazardous Materials provisions herein, pursue the rights and remedies permitted under Civil Code § 2929.5, and Code of Civil Procedure §§ 564, 726.5, and 736; or

(k) Pursue any other remedy allowed at law or in equity. Nothing in this section is intended or will it construed as precluding SHA from proceeding with a non-judicial foreclosure under the power of sale contained in the Deed of Trust in the Event of Default by Borrower.

## ARTICLE 9. GENERAL PROVISIONS

9.1 **Headings.** The captions and headings in this Loan Agreement are for convenience of reference only, and cannot be deemed to define or limit the provisions hereof. Each party acknowledges that such party and its counsel, after negotiation and consultation, have reviewed and revised this Acquisition Loan . As such, the terms of this Acquisition Loan must be fairly construed and the usual rule of construction, to the effect that any ambiguities herein should be resolved against the drafting party, cannot be employed in the interpretation of this Loan Agreement or any amendments, modifications or exhibits hereto or thereto.

9.2 **Time of Essence.** All times and dates in this Acquisition Loan are of the essence.

9.3 **Entire Agreement.** This Acquisition Loan and all of the other Acquisition Loan Documents and the Development Agreement constitute the entire understanding between the parties hereto with respect to the subject matter hereof, superseding all prior written or oral understandings, and may not be modified, amended or terminated except by a written agreement signed by each of the parties hereto or thereto. Notwithstanding the foregoing, the provisions of this Acquisition Loan are not intended to supersede the provisions of the Acquisition Deed of Trust, but shall be construed as supplemental thereto.

9.4 **Amendment.** Any amendments or modifications to this Acquisition Loan and the Acquisition Loan Documents must be in writing and are valid only if properly authorized and executed by City and Borrower.

9.5 **Severability.** If any provision of this Acquisition Loan is determined to be unenforceable for any reason, it will be adjusted rather than voided, if possible, to achieve the intent of the parties. In any event, all of the other provisions will be deemed valid and enforceable to the greatest possible extent.

9.6 **Interpretation.** Words used in the singular shall include the plural, and vice-versa, and any gender shall be deemed to include the other.

**9.7 Notices.** Any communication, notice or demand of any kind that any party may be required or may desire to give to or serve upon another party to this Loan Agreement shall be in writing, addressed to the party at the addresses set forth below, and delivered by personal service, by Federal Express or other overnight delivery service, by facsimile transmission, or by registered or certified mail, postage prepaid, return receipt requested:

SHA:

City of Monterey Park Successor Housing Authority  
Attn: Executive Director  
320 W. Newmark Avenue  
Monterey Park, CA 91754-2896  
Attn: City Manager

Borrower:

LINC-Monterey Park Apartments Housing Investors, L.P.  
555 E Ocean St., Suite 900  
Long Beach, CA 90802  
Attn: SVP and Director of Housing

With a copy to Borrower's limited partner:

[name of investor entity]  
c/o Raymond James Tax Credit Funds, Inc.  
880 Carillon Parkway  
St. Petersburg, Florida 33716  
Attn: Steven J. Kropf, President

Any such notice will be deemed delivered as follows: (a) if personally delivered, the date of delivery to the address of the person to receive such notice; (b) if sent by Federal Express or other overnight delivery service, the date of delivery to the address of the person to receive such notice; (c) if sent by facsimile transmission, the date transmitted to the person to receive such notice if sent by 5:00 p.m. Pacific Time, and the next business day if sent after 5:00 p.m. Pacific Time; or (d) if mailed, three (3) calendar days after depositing same in the mail. Any notice sent by facsimile transmission must be confirmed by personally delivering or mailing a copy of the notice sent by facsimile transmission. Any party may change its address or the addressee for notice by written notice given to the other at least five (5) calendar days before the effective date of any such change in the manner provided in this Section.

**9.8 Counterparts.** This Acquisition Loan may be signed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.

**9.9 Further Assurances.** Each Party must execute, with acknowledgment or affidavit if required, all documents and writings reasonably necessary or to carry out the terms and conditions of this Acquisition Loan and the achievement of its purpose. Each individual signing this Acquisition Loan hereby personally represents and warrants that he or she is duly authorized to execute and deliver this Acquisition Loan on behalf of the party for whom or which he or she is signing.

9.10 **Waiver.** Any waiver by SHA of any of the Borrower's obligations set forth in these Loan Documents or the Development Agreement must be in writing. No waiver will be implied from any delay or failure by City to take action on any breach or default of Borrower or to pursue any remedy allowed under the Development Agreement or Acquisition Loan Documents or applicable law. No waiver of any provision of this Acquisition Loan will be deemed effective unless contained in a writing signed by the party against whom the waiver is sought to be enforced. No failure or delay by any party in exercising any right, power or remedy under this Acquisition Loan will operate as a waiver of any such right, power or remedy, and no waiver of any breach or failure to perform will be deemed a waiver of any subsequent breach or failure to perform such right or obligation or of any other right or obligation arising under this Acquisition Loan .

9.11 **Assignment and Assumption.** Borrower cannot assign any of its interests under this Acquisition Loan or the Acquisition Loan Documents to any other party, except as specifically permitted under the terms of the Acquisition Loan Documents without the prior written consent of SHA. Any unauthorized assignment is void.

9.12 **Binding on Successors.** All provisions of these Acquisition Loan Documents are binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of each of the parties; provided, however, that this section does not waive the prohibition on assignment of this Acquisition Loan Agreement by Borrower without City's consent.

9.13 **Governing Law; Choice of Forum.** This Loan Agreement is governed by and construed in accordance with the laws of the State of California as applied to contracts among residents of California wholly to be performed within the State. The parties agree that any dispute arising in connection with this Loan Agreement will be resolved in the state or federal courts located in Los Angeles County, California.

9.14 **Nonrecourse.** This Loan is a nonrecourse obligation of Borrower. Neither Borrower nor any other party shall have any personal liability for repayment of this Loan. The sole recourse of City for repayment of principal and interest under the Loan is the exercise of the rights of SHIA against the Property.

**[Remaining Page Left Intentionally Blank]**

**IN WITNESS WHEREOF**, the parties hereto have executed this Aquisition Loan as of the day and year first written above.

CITY OF MONTEREY PARK Successor  
Housing Authority

\_\_\_\_\_

Attest:

\_\_\_\_\_  
Vicki Banando, SHA Secretary

Approved as to Form:

\_\_\_\_\_  
Mark D. Hensley, SHA General Counsel

LINC-Monterey Park Apartments Housing Investors, LP,  
a California limited partnership

By: LINC-Monterey Park Apartments, LLC,  
a California limited liability company,  
its Managing General Partner

By: LINC Community Development Corporation,  
a California nonprofit public benefit corporation,  
its Authorized Member

By: \_\_\_\_\_  
Suny Lay Chang  
Senior Vice President and  
Director of Housing Development

**EXHIBIT NO. 5**

RECORDING REQUESTED BY, )  
MAIL TAX STATEMENTS TO )  
AND WHEN RECORDED MAIL TO: )  
 )  
City Clerk )  
320 W. Newmark )  
Monterey Park, CA 91754-2896 )  
 )  
 )  
 )

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This document is exempt from payment of a recording fee  
pursuant to Government Code § 27383.

## GRANT DEED

For valuable consideration, receipt of which is hereby acknowledged,

The **CITY OF MONTEREY PARK**, a general law city and municipal corporation ("City"), grants to **LINC COMMUNITY DEVELOPMENT CORPORATION**, a California nonprofit public benefit corporation ("LINC"), the real property identified in attached Exhibit "A," which is incorporated by reference (the "Site"), subject to the existing easements, restrictions and covenants of record.

**1. Conveyance.** The Site is conveyed in accordance an Amended Development Agreement entered into between City, LINC, and the Monterey Park Successor Housing Agency dated \_\_\_\_\_, 2015 (the "AMENDED DA"), a copy of which is on file with the City Clerk's office as a public record and is incorporated by reference. The AMENDED DA requires LINC to construct six affordable units. All terms used in this Grant Deed have the same meaning as those used in the AMENDED DA.

**2. Permitted Uses.** LINC covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Site or any part thereof, that upon the date of this Grant Deed and during construction through completion of development and thereafter, LINC must devote the Site to the uses specified in the Grant Deed for the periods of time specified therein. All uses conducted on the Site, including, without limitation, all activities undertaken by LINC pursuant to the AMENDED DA, must conform to the AMENDED DA and all applicable provisions of the Monterey Park Municipal Code. The foregoing covenants run with the land.

**3. Restrictions on Transfer.** LINC further agrees as follows:

a. For the period commencing upon the date of this Grant Deed and until the issuance of the Certificate of Completion in accordance with the AMENDED DA, no voluntary or involuntary successor in interest of LINC can acquire any rights or powers under the AMENDED DA or this Grant Deed, nor must LINC make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of the Site or the Improvements thereon, without the prior written approval of the City or as otherwise permitted in the AMENDED DA.

b. LINC cannot place or suffer to be placed on the Site any lien or encumbrance other than mortgages, deeds of trust, or any other form of conveyance required for financing of the construction of the Improvements on the Site, and any other expenditures necessary and appropriate to develop the Site pursuant to the AMENDED DA, except as otherwise provided in the AMENDED DA.

All of the terms, covenants and conditions of this Grant Deed are binding upon LINC and the permitted successors and assigns of LINC. Whenever the term "LINC" is used in this Grant Deed, such term includes any other successors and assigns as herein provided.

**4. Nondiscrimination.** LINC herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through them, that there is no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer,

use, occupancy, tenure or enjoyment of the land herein conveyed, nor must LINC itself or any person claiming under or through LINC, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants run with the land.

LINC must refrain from restricting the rental, sale or lease of the Site on the basis of race, color, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts must contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) **In deeds:** "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there is no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor can the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants run with the land."

(b) **In leases:** "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

"That there is no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor must the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

(c) **In contracts:** "There is no discrimination against or segregation of, any person, or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor must the transferee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises."

**5. City Right of Reentry.** The City has the right, at its election, to reenter and take possession of the Site, with all improvements thereon, and terminate and revest in the City the estate conveyed to LINC if after the Closing and before the issuance of the Certificate of Completion, LINC (or its successors in interest) must:

(a) fail to start the construction of the Improvements as required by the AMENDED DA for a period of ninety (90) days after written notice thereof from the City; or

(b) abandon or substantially suspend construction of the Improvements required by the AMENDED DA for a period of ninety (90) days after written notice thereof from the City; or

(c) contrary to the provisions of Section 603 of the AMENDED DA transfer or suffer any involuntary Transfer in violation of the AMENDED DA, and such Transfer has not been approved by the City or rescinded within thirty (30) days of notice thereof from City to LINC.

Such right to reenter, terminate and revest is subject to and be limited by and cannot defeat, render invalid or limit:

1. Any mortgage or deed of trust permitted by the AMENDED DA; or
2. Any rights or interests provided in the AMENDED DA for the protection of the holders of such mortgages or deeds of trust.

Notwithstanding the above, however, the City does not have the right to retake possession of portions of the Site sold to individual homebuyers in the ordinary course of business. Upon the revesting in the City of title to the Site, the City must, pursuant to its responsibilities under state law, use its reasonable efforts to resell the Site as soon and in such manner as the City finds feasible and consistent with the objectives of such applicable law, as it exists or may be amended, to a qualified and responsible party or parties (as determined by the City) who will assume the obligation of making or completing the Improvements, or such improvements in their stead as is satisfactory to the City and in accordance with the uses specified for such Site. Upon such resale of the Site, the net proceeds thereof after repayment of any mortgage or deed of trust encumbering the Site which is permitted by this Agreement, is applied:

i. First, to reimburse the City, on its own behalf or on behalf of the City, all costs and expenses incurred by the City, excluding City and City staff costs, but specifically, including, without limitation, any expenditures by the City or the City in connection with the recapture, management and resale of the Site or part thereof (but less any income derived by the City from the Site or part thereof in connection with such management); all taxes, assessments and water or sewer charges with respect to the Site or part thereof which LINC has not paid (or, in the event that Site is exempt from taxation or assessment of such charges during the period of ownership thereof by the City, an amount, if paid, equal to such taxes, assessments, or charges as would have been payable if the Site were not so exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the Site or part thereof at the time or revesting of title thereto in the City, or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of LINC, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the improvements or any part thereof on the Site, or part thereof; and any amounts otherwise owing the City, and in the event additional proceeds are thereafter available, then

ii. Second, to reimburse LINC, its successor or transferee, up to the amount equal to the sum of (a) the costs incurred for the acquisition and development of the Site and for the improvements existing on the Site at the time of the reentry and possession, less (b) any gains or income withdrawn or made by LINC from the Site or the improvements thereon.



Any balance remaining after such reimbursements is retained by the City as its property. The rights established in this Section are not intended to be exclusive of any other right, power or remedy, but each and every such right, power, and remedy is cumulative and concurrent and is in addition to any other right, power and remedy authorized herein or now or hereafter existing at law or in equity. These rights are to be interpreted in light of the fact that the City will have conveyed the Site to LINC for developing affordable housing and not for speculation in undeveloped land.

(d). The City shall deliver a copy of all notices required to be provided to Developer (or its successor in interest) under this Section 6 to the Developer's senior lender which can make a loan to Grantee in amount not to exceed \$7,000,000 for a term not to exceed 18 months (with 2 potential six month extensions) ("Senior Lender"). Senior Lender shall include any lender have rights to the City or the Monterey Park Successor Housing Agency and such Senior Lender. Notwithstanding the above, City shall not exercise any right to reenter or take possession of the Site or terminate and revest the estate without providing at least ninety (90) days prior written notice to Senior Lender and Senior Lender having failed to cure the defaults described therein. A cure provided by Senior Lender shall be accepted by City as if made or tendered by Grantee.

**6. Violations Do Not Impair Liens.** No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed will defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest permitted by the AMENDED DA; provided, however, that any subsequent owner of the Site is bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such owner's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

**7. Covenants Run With Land.** All covenants contained in this Grant Deed are covenants running with the land. Every covenant contained in this Grant Deed against discrimination must remain in effect in perpetuity.

**8. Covenants For Benefit of City.** All covenants without regard to technical classification or designation is binding for the benefit of the City, and such covenants run in favor of the City for the entire period during which such covenants is in force and effect, without regard to whether the City is or remains an owner of any land or interest therein to which such covenants relate. The City, in the event of any breach of any such covenants, has the right to exercise all the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach.

**9. Revisions to Grant Deed.** Both City, its successors and assigns, and LINC and the successors and assigns of LINC in and to all or any part of the fee title to the Site must have the right with the mutual consent of the City to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants, or restrictions contained in this Grant Deed without the consent of any tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under a deed of trust or any other person or entity having any interest less than a fee in the Site. However, LINC and City are obligated to give written notice to and obtain the consent of any first mortgagee before consent or agreement between the parties concerning such changes to this Grant Deed. The covenants contained in this Grant Deed, without regard to technical classification, cannot benefit or be enforceable by any owner of any other real property within or outside the Project Area, or any person or entity having any interest in any other such realty. No amendment to the Redevelopment Plan must require the consent of LINC.

CITY:

By: \_\_\_\_\_ Paul Talbot,

**ATTEST:**

\_\_\_\_\_  
Vincent D. Chang, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Karl H. Berger, Assistant City Attorney

LINC-Monterey Park Apartments Housing Investors, LP,  
a California limited partnership

By: LINC-Monterey Park Apartments, LLC,  
a California limited liability company,  
its Managing General Partner

By: LINC Community Development Corporation,  
a California nonprofit public benefit corporation,  
its Authorized Member

By: \_\_\_\_\_  
Sunny Lay Chang  
Senior Vice President and  
Director of Housing Development

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF SITE**

**236 S. Ramona Avenue**

Lot 12 in Block "H" of Tract No. 786, in the City of Monterey Park, County of Los Angeles, State of California, as per map recorded in Book 16, Pages 58 and 59 of Maps, in the Office of the County Recorder of said County.

Except therefrom the East 240 feet thereof.

Except therefrom all oil, gas, and other hydrocarbon substances in and under all of the above described real property, but without any right to penetrate, use or disturb the surface of said property or any portion of said property within five hundred (500) feet of the surface thereof, as reserved in that certain Grant Deed recorded April 16, 1986, as Instrument No. 86-467006, of Official Records.

Assessor's Parcel Number: 5257-013-900

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

)  
) ss.  
)

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public,  
(Print Name of Notary Public)

personally appeared \_\_\_\_\_,

☐ personally known to me

-or-

☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature Of Notary

### OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

#### CAPACITY CLAIMED BY SIGNER

- ☐ Individual  
☐ Corporate Officer

- \_\_\_\_\_  
Title(s)
- ☐ Partner(s) ☐ Limited  
☐ General
- ☐ Attorney-In-Fact  
☐ Trustee(s)  
☐ Guardian/Conservator  
☐ Other: \_\_\_\_\_

Signer is representing:  
Name Of Person(s) Or Entity(ies)

\_\_\_\_\_  
\_\_\_\_\_

#### DESCRIPTION OF ATTACHED DOCUMENT

\_\_\_\_\_  
Title Or Type Of Document

\_\_\_\_\_  
Number Of Pages

\_\_\_\_\_  
Date Of Document

\_\_\_\_\_  
Signer(s) Other Than Named Above

**EXHIBIT NO. 6****SCHEDULE OF PERFORMANCE**

Apply for 9% Low Income Housing Tax Credits	July 2014
Submit Letter Describing approval or disapproval of 9% Tax Credits	September 2014
Close Escrow, if preconstruction close is approved by City Manager, otherwise within 180 days of the TCAC Award	March 2015
Submit evidence of all necessary Financing to complete project	March 2015
Submittal of construction bid summary and basis for selection of winning bid, followed by submittal of construction contract	March 2015
Plans approved and building permits issued	March 2015
Commence Construction	April 2015
Submit a Plan and Affirmative Action Plan to advertise units	April 2016
Advertise rental application opportunity	May 2016
Complete Construction	December 2016
Grand Opening Ceremony	March 2017
Tenant Participation Plan	March 2017

**EXHIBIT NO. 9**

RECORDING REQUESTED BY, )  
MAIL TAX STATEMENTS TO )  
AND WHEN RECORDED MAIL TO: )  
City Clerk )  
320 W. Newmark )  
Monterey Park, CA 91754-2896 )  
)  
)  
)

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This document is exempt from payment of a recording fee  
pursuant to Government Code § 27383.

## GRANT DEED

For valuable consideration, receipt of which is hereby acknowledged,

The **MONTEREY PARK SUCCESSOR HOUSING AGENCY**, a political subdivision of the state of California ("SHA"), grants to **LINC COMMUNITY DEVELOPMENT CORPORATION**, a California nonprofit public benefit corporation ("LINC"), the real property identified in attached Exhibit "A," which is incorporated by reference (the "Site"), subject to the existing easements, restrictions and covenants of record.

1. **Conveyance.** The Site is conveyed in accordance an Amended Development Agreement entered into between City of Monterey Park, LINC, and the SHA dated\_\_\_\_\_, 2015 (the "AMENDED DA"), a copy of which is on file with the City Clerk's office as a public record and is incorporated by reference. The AMENDED DA requires LINC to construct six affordable units. All terms used in this Grant Deed have the same meaning as those used in the AMENDED DA. For purposes of this Grant Deed, the Parties agree and understand that the City of Monterey Park, its officials, and employees, may act on behalf of the SHA.

2. **Permitted Uses.** LINC covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Site or any part thereof, that upon the date of this Grant Deed and during construction through completion of development and thereafter, LINC must devote the Site to the uses specified in the Grant Deed for the periods of time specified therein. All uses conducted on the Site, including, without limitation, all activities undertaken by LINC pursuant to the AMENDED DA, must conform to the AMENDED DA and all applicable provisions of the Monterey Park Municipal Code. The foregoing covenants run with the land.

3. **Restrictions on Transfer.** LINC further agrees as follows:

a. For the period commencing upon the date of this Grant Deed and until the issuance of the Certificate of Completion in accordance with the AMENDED DA, no voluntary or involuntary successor in interest of LINC can acquire any rights or powers under the AMENDED DA or this Grant Deed, nor must LINC make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of the Site or the Improvements thereon, without the prior written approval of the SHA or as otherwise permitted in the AMENDED DA.

b. LINC cannot place or suffer to be placed on the Site any lien or encumbrance other than mortgages, deeds of trust, or any other form of conveyance required for financing of the construction of the Improvements on the Site, and any other expenditures necessary and appropriate to develop the Site pursuant to the AMENDED DA, except as otherwise provided in the AMENDED DA.

All of the terms, covenants and conditions of this Grant Deed are binding upon LINC and the permitted successors and assigns of LINC. Whenever the term "LINC" is used in this Grant Deed, such term includes any other successors and assigns as herein provided.

4. **Nondiscrimination.** LINC herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through them, that there is no discrimination against or segregation of, any person or group of persons on account of race, color,



creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor must LINC itself or any person claiming under or through LINC, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants run with the land.

LINC must refrain from restricting the rental, sale or lease of the Site on the basis of race, color, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts must contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) **In deeds:** "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there is no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor can the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants run with the land."

(b) **In leases:** "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

"That there is no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor must the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

(c) **In contracts:** "There is no discrimination against or segregation of, any person, or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor must the transferee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises."

5. **SHA Right of Reentry.** The SHA has the right, at its election, to reenter and take possession of the Site, with all improvements thereon, and terminate and revest in the SHA the estate conveyed to LINC if after the Closing and before the issuance of the Certificate of Completion, LINC (or its successors in interest) must:

(a) fail to start the construction of the Improvements as required by the

AMENDED DA for a period of ninety (90) days after written notice thereof from the SHA; or

(b) abandon or substantially suspend construction of the Improvements required by the AMENDED DA for a period of ninety (90) days after written notice thereof from the SHA; or

(c) contrary to the provisions of Section 603 of the AMENDED DA transfer or suffer any involuntary Transfer in violation of the AMENDED DA, and such Transfer has not been approved by the SHA or rescinded within thirty (30) days of notice thereof from SHA to LINC.

Such right to recenter, terminate and revest is subject to and be limited by and cannot defeat, render invalid or limit:

1. Any mortgage or deed of trust permitted by the AMENDED DA; or
2. Any rights or interests provided in the AMENDED DA for the protection of the holders of such mortgages or deeds of trust.

Notwithstanding the above, however, the SHA does not have the right to retake possession of portions of the Site sold to individual homebuyers in the ordinary course of business. Upon the revesting in the SHA of title to the Site, the SHA must, pursuant to its responsibilities under state law, use its reasonable efforts to resell the Site as soon and in such manner as the SHA finds feasible and consistent with the objectives of such applicable law, as it exists or may be amended, to a qualified and responsible party or parties (as determined by the SHA) who will assume the obligation of making or completing the Improvements, or such improvements in their stead as is satisfactory to the SHA and in accordance with the uses specified for such Site. Upon such resale of the Site, the net proceeds thereof after repayment of any mortgage or deed of trust encumbering the Site which is permitted by this Agreement, is applied:

i. First, to reimburse the SHA, on its own behalf or on behalf of the SHA, all costs and expenses incurred by the SHA, excluding SHA and SHA staff costs, but specifically, including, without limitation, any expenditures by the SHA or the SHA in connection with the recapture, management and resale of the Site or part thereof (but less any income derived by the SHA from the Site or part thereof in connection with such management); all taxes, assessments and water or sewer charges with respect to the Site or part thereof which LINC has not paid (or, in the event that Site is exempt from taxation or assessment of such charges during the period of ownership thereof by the SHA, an amount, if paid, equal to such taxes, assessments, or charges as would have been payable if the Site were not so exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the Site or part thereof at the time or revesting of title thereto in the SHA, or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of LINC, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the improvements or any part thereof on the Site, or part thereof; and any amounts otherwise owing the SHA, and in the event additional proceeds are thereafter available, then

ii. Second, to reimburse LINC, its successor or transferee, up to the amount equal to the sum of (a) the costs incurred for the acquisition and development of the Site and for the improvements existing on the Site at the time of the reentry and possession, less (b) any gains or income withdrawn or made by LINC from the Site or the improvements thereon.

Any balance remaining after such reimbursements is retained by the SHA as its property. The rights established in this Section are not intended to be exclusive of any other right, power or remedy, but each and every such right, power, and remedy is cumulative and concurrent and is in addition to any other right, power and remedy authorized herein or now or hereafter existing at law or in equity. These rights are to be interpreted in light of the fact that the SHA will have conveyed the Site to LINC for developing affordable housing and not for speculation in undeveloped land.

(d). SHA shall deliver a copy of all notices required to be provided to Developer (or its successor in interest) under this Section 6 to the Developer's senior lender which can make a loan to Grantee in amount not to exceed \$7,000,000 for a term not to exceed 18 months (with 2 potential six month extensions) ("Senior Lender"). Senior Lender shall include any lender have rights senior to the City or SHA and such Senior Lender. Notwithstanding the above, SHA shall not exercise any right to reenter or take possession of the Site or terminate and revest the estate without providing at least ninety (90) days prior written notice to Senior Lender and Senior Lender having failed to cure the defaults described therein. A cure provided by Senior Lender shall be accepted by SHA as if made or tendered by Grantee.

**6. Violations Do Not Impair Liens.** No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed will defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest permitted by the AMENDED DA; provided, however, that any subsequent owner of the Site is bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such owner's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

**7. Covenants Run With Land.** All covenants contained in this Grant Deed are covenants running with the land. Every covenant contained in this Grant Deed against discrimination must remain in effect in perpetuity.

**8. Covenants For Benefit of SHA.** All covenants without regard to technical classification or designation is binding for the benefit of the SHA, and such covenants run in favor of the SHA for the entire period during which such covenants is in force and effect, without regard to whether the SHA is or remains an owner of any land or interest therein to which such covenants relate. The SHA, in the event of any breach of any such covenants, has the right to exercise all the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach.

**9. Revisions to Grant Deed.** Both SHA, its successors and assigns, and LINC and the successors and assigns of LINC in and to all or any part of the fee title to the Site must have the right with the mutual consent of the SHA to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants, or restrictions contained in this Grant Deed without the consent of any tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under a deed of trust or any other person or entity having any interest less than a fee in the Site. However, LINC and SHA are obligated to give written notice to and obtain the consent of any first mortgagee before consent or agreement between the parties concerning such changes to this Grant Deed. The covenants contained in this Grant Deed, without regard to technical classification, cannot benefit or be enforceable by any owner of any other real property within or outside the

Project Area, or any person or entity having any interest in any other such realty. No amendment to the Redevelopment Plan must require the consent of LINC.

SHA:

By: \_\_\_\_\_ Paul Talbot,

**ATTEST:**

\_\_\_\_\_  
Vincent D. Chang, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Karl H. Berger, Assistant City Attorney

LINC-Monterey Park Apartments Housing Investors, LP,  
a California limited partnership

By: LINC-Monterey Park Apartments, LLC,  
a California limited liability company,  
its Managing General Partner

By: LINC Community Development Corporation,  
a California nonprofit public benefit corporation,  
its Authorized Member

By: \_\_\_\_\_  
Sunny Lay Chang  
Senior Vice President and  
Director of Housing Development

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF SITE**

321, 325, 341 and 371 E. Pomona Boulevard

STATE OF CALIFORNIA

)

) ss.

COUNTY OF LOS ANGELES

)

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public,  
(Print Name of Notary Public)

personally appeared \_\_\_\_\_,

☐ personally known to me

-or-

☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature Of Notary

### OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

#### CAPACITY CLAIMED BY SIGNER

- ☐ Individual  
☐ Corporate Officer

\_\_\_\_\_  
Title(s)

- ☐ Partner(s) ☐ Limited  
☐ General

- ☐ Attorney-In-Fact  
☐ Trustee(s)  
☐ Guardian/Conservator  
☐ Other: \_\_\_\_\_

Signer is representing:  
Name Of Person(s) Or Entity(ies)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

#### DESCRIPTION OF ATTACHED DOCUMENT

\_\_\_\_\_  
Title Or Type Of Document

\_\_\_\_\_  
Number Of Pages

\_\_\_\_\_  
Date Of Document

\_\_\_\_\_  
Signer(s) Other Than Named Above

## EXHIBIT 10

### PROMISSORY NOTE

\$2,080,000

Monterey Park, California

\_\_\_\_\_, 2015

Property Address: 321, 325, 341 and 371 E. Pomona Boulevard, 534 N. Chandler Avenue, and 236 S. Ramona Avenue, Monterey Park, California

FOR VALUE RECEIVED, the undersigned (the "Maker") promises to pay to the Monterey Park Successor Housing Agency, a political subdivision of the state of California pursuant to Assembly Bill 1X26, ("Holder"), at 320 W. Newmark Avenue, Monterey Park, California 91754-2896, Attn: Executive Director, or at such other address as Holder may direct from time to time in writing, Two Million Eighty Thousand Dollars (\$2,080,000) (the "SHA Loan"), together with interest as specified below. All sums hereunder are payable in lawful money of the United States of America. This Note is secured by a Deed of Trust (the "Deed of Trust").

1. Affordable Housing Loan Agreement. This Promissory Note (the "Promissory Note" or "Note") is made and delivered pursuant to and in implementation of the Loan Agreement entered by and between the Holder and the Maker dated \_\_\_\_\_, 2015 (the "SHA Loan Agreement"), a copy of which is on file as a public record with the Holder and is incorporated herein by reference. The Maker acknowledges that but for the execution of this Promissory Note, the Holder would not have entered into the SHA Loan Agreement or made the loan hereunder to Maker. Unless terms are expressly defined below, each term has the same definition as in the SHA Loan Agreement.
2. Interest Rate. The SHA Loan will accrue interest at [AFR]%, compound annually.
3. Time of Payment. The SHA Loan Agreement sets forth the time for payment.
4. Security for Note. This Promissory Note is secured by a subordinate Deed of Trust executed by Maker as Trustor in favor of Holder as Trustee.
5. Prepayment of Note. Maker may prepay this Note, in whole or in part to Holder at any time, without penalty, fee or charge.
6. Holder May Assign. Holder may, at its option, assign its right to receive repayment of the proceeds of this Promissory Note without obtaining the consent of the Maker.
7. Maker Assignment. In no event can Maker assign or transfer any portion of this Promissory Note without the prior express written consent of the Holder, which consent shall not be



unreasonably withheld, conditioned or delayed, and provided that the assignee or transferee expressly assumes this Promissory Note and the Agreement by execution of a written assignment document to be provided by the Holder. This section does not affect or diminish the Holder's right to assign all or any portion of its rights to the proceeds of this Note.

8. Joint and Several. The undersigned, if more than one, are jointly and severally liable hereunder.

9. Amendments. This Note may not be modified or amended except by an instrument in writing expressing such intention executed by the parties sought to be bound thereby, which writing must be so firmly attached to this Note.

10. Maker's Waivers. Maker waives any rights to require the Holder to: (a) demand payment of amounts due (known as "presentment"), (b) give notice that amounts due have not been paid (known as "notice of dishonor"), and (c) obtain an official certification of nonpayment (known as "protest").

11. Notice. Any notice that must be given to Holder or Maker under this Note must be given as provided in the City Loan Agreement.

12. Successors Bound. This Promissory Note is binding upon the parties and their respective heirs, successors and assigns.

[SIGNATURE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Maker has executed this Promissory Note as of the date set forth above.

LINC-Monterey Park Apartments Housing Investors, LP,  
a California limited partnership

By: LINC-Monterey Park Apartments, LLC,  
a California limited liability company,  
its Managing General Partner

By: LINC Community Development Corporation,  
a California nonprofit public benefit corporation,  
its Authorized Member

By: \_\_\_\_\_  
Suny Lay Chang  
Senior Vice President and  
Director of Housing Development

**EXHIBIT A**

**LEGAL DESCRIPTION**

That real property located in the State of California, County of Los Angeles, City of Montcrey Park, and described as follows:

[To Be Inserted]

## EXHIBIT B

### RIDER TO DEED OF TRUST

This Rider to Deed of Trust is subject to the terms and conditions of the Loan Agreement dated \_\_\_\_\_, 20\_\_ (the "Loan Agreement") and incorporated by reference, pursuant to which Beneficiary agreed to loan Trustor the sum of Two Million Eighty Thousand Dollars (\$2,080,000) (the "Loan") to Trustor. All terms in this Rider to Deed of Trust, if not otherwise defined, have the same meanings as in the Loan Agreement. To the extent of any conflict between the terms of this Rider to Deed of Trust and the Loan Agreement, Deed of Trust or Note (collectively, the "Loan Documents"), the terms of this Rider to Deed of Trust shall control.

1. General Partner Change. The withdrawal, removal, and/or replacement of a general partner of the Borrower pursuant to the terms of the Borrower's amended and restated agreement of limited partnership shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that any required substitute general partner is reasonably acceptable to Beneficiary and is selected with reasonable promptness.
2. Limited Partner Change. Notwithstanding anything to the contrary contained in the Loan Documents, all or a portion of the interests of Borrower's limited partners (collectively, "Investor") shall be transferable without the consent of the City.
3. Notices to Investor. Beneficiary shall provide Investor with written notice of any default under the Loan Documents at the following address.

[name of investor entity]  
c/o Raymond James Tax Credit Funds, Inc.  
880 Carillon Parkway  
St. Petersburg, Florida 33716  
Attn: Steven J. Kropf, President

4. Investor Right to Cure. City shall accept any cure or performance offered by Investor as if the same were offered by Borrower and such cure by Investor shall be subject to the same conditions and obligations as Borrower for this purpose.

**EXHIBIT "C"**

RECORDING REQUESTED BY AND )  
WHEN RECORDED MAIL TO: )  
 )  
City of Monterey Park )  
320 W. Newmark Avenue )  
Monterey Park, California, 91754-2896 )  
Attn: City Manager )

Exempt from recording fee pursuant to  
Government Code Section 27383

**DEED OF TRUST WITH ASSIGNMENT OF RENTS  
(SHORT FORM)**

This DEED OF TRUST WITH ASSIGNMENT OF RENTS ( "Deed of Trust" or "DOD"), is made as of \_\_\_\_\_, 2015, by LINC-Monterey Park Apartments Housing Investors, LP, a California limited partnership ("Trustor"), whose address is 555 E. Ocean Blvd, Suite 900, Long Beach, 90802, Attn: SVP and Director of Housing, to

\_\_\_\_\_ ( "Trustee"), for the benefit of the Monterey Park Successor Housing Agency a political subdivision of the state of California pursuant to Assembly Bill 1X26 ("Beneficiary"), having an office located at 320 W. Newmark Avenue, Monterey Park, California, 91754-2896, Attn: Executive Director .

Trustor grants to Trustee in Trust, with Power of Sale, that property (the "Property") in the City of Monterey Park, County of Los Angeles, State of California, described as:

See attached Exhibit A, incorporated herein

Together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

For the purpose of securing (1) payment of indebtedness in the principal amount of Two Million Eighty Thousand Dollars (\$2,080,000), according to the terms of a Promissory Note dated \_\_\_\_\_, 2015 made by Trustor, payable to order of Beneficiary, and extensions or renewals, and (2) the performance of each agreement of Trustor incorporated by reference or contained in this Deed of Trust (3) payment of additional sums and interest which may be subsequently loaned to Trustor, or Trustor's successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of

the fictitious deed of trust recorded in Orange County August 17, 1964, in all other counties August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Placer	1028	379
Alpine	3	130-31	Plumas	166	1307
Amador	133	438	Riverside	3778	347
Butte	1330	513	Sacramento	5039	124
Calaveras	185	338	San Benito	300	405
Colusa	323	391	Los Angeles	6213	768
Contra Costa	4684	1	San Francisco	A-804	596
Del Norte	101	549	San Joaquin	2855	283
El Dorado	704	635	San Luis Obispo	1311	137
Fresno	5052	623	San Mateo	4778	175
Glenn	469	76	Santa Barbara	2065	881
Humboldt	801	83	Santa Clara	6626	664
Imperial	1189	701	Santa Cruz	1638	607
Inyo	165	672	Shasta	800	633
Kern	3756	690	San Diego SERIES 5 Book 1964, Page 149774		
Kings	858	713	Sierra	38	187
Lake	437	110	Siskiyou	506	762
Lassen	192	367	Solano	1287	621
Los Angeles	T-3878	874	Sonoma	2067	427
Madera		911 136	Stanislaus		1970
56					
Marin	1849	122	Sutter	655	585
Mariposa	90	453	Tehama	457	183
Mendocino	667	99	Trinity	108	595
Merced	1660	753	Tulare	2530	108
Modoc	191	93	Tuolumne	177	160
Mono	69	302	Los Angeles	2607	237
Monterey	357	239	Yolo	769	16
Napa	704	742	Yuba	398	693
Nevada		363 94			
Orange	7182	18			

does inure to and bind the parties to this DOD, with respect to the property above described. Said agreements, terms and provisions contained in said subdivision A and B, (identical in all counties), are incorporated and made a part of this Deed of Trust by reference for all purposes and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale be mailed to him at his address set forth above.

The Deed of Trust Rider is attached hereto as Exhibit B and made part of this Deed of Trust.

This Deed of Trust is subordinate to the Deed of Trust and any regulatory agreement or restrictive covenants recorded against the Property in favor of the City of Monterey Park with respect to a HOME loan in the amount of \$834,833.

Signature of Trustor:

LINC-Monterey Park Apartments Housing Investors, LP,  
a California limited partnership

By: LINC-Monterey Park Apartments, LLC,  
a California limited liability company,  
its Managing General Partner

By: LINC Community Development Corporation,  
a California nonprofit public benefit corporation,  
its Authorized Member

By: \_\_\_\_\_  
Sunny Lay Chang  
Senior Vice President and  
Director of Housing Development

[SIGNATURE MUST BE ACKNOWLEDGED]

## EXHIBIT 11

### PROMISSORY NOTE

\$834,833

Monterey Park, California

\_\_\_\_\_, 2015

Property Address: 321, 325, 341 and 371 E. Pomona Boulevard, 534 N. Chandler Avenue, and 236 S. Ramona Avenue, Monterey Park, California

FOR VALUE RECEIVED, the undersigned (the "Maker") promises to pay to the CITY OF MONTEREY PARK, a municipal corporation, on order ("Holder"), at 320 W. Newmark Avenue, Monterey Park, California 91754-2896, Attn: City Manager, or at such other address as Holder may direct from time to time in writing, Eight Hundred Thirty-Four Thousand Eight Hundred Thirty-Three Dollars (\$834,833) (the "HOME FUNDS"), together with interest as specified below. All sums hereunder are payable in lawful money of the United States of America. This Note is secured by a Deed of Trust (the "Deed of Trust").

1. Agreement for HOME/CHDO Funds. This Promissory Note (the "Promissory Note" or "Note") is made and delivered pursuant to and in implementation of the Agreement for HOME/CHDO Funds dated July 22, 2013, as amended and assigned to Maker pursuant to the First Amendment to Agreement for HOME/CHDO Funds of even date herewith, between Holder and the Maker dated \_\_\_\_\_, 2015 (as amended, the "Home Loan"), a copy of which is on file as a public record with the Holder and is incorporated herein by reference. The Maker acknowledges that but for the execution of this Promissory Note, the Holder would not have entered into the Home Loan or made the loan hereunder to Maker. Unless terms are expressly defined below, each term has the same definition as in the Home Loan.
2. Interest Rate. The HOME FUNDS will bear simple interest at 3% per annum.
3. Time of Payment. The Home Loan sets forth the time for payment.
4. Security for Note. This Promissory Note is secured by a subordinate Deed of Trust executed by Maker as Trustor in favor of Holder as Trustee.
5. Prepayment of Note. Maker may prepay this Note, in whole or in part to Holder at any time, without penalty, fee or charge.
6. Holder May Assign. Holder may, at its option, assign its right to receive repayment of the proceeds of this Promissory Note without obtaining the consent of the Maker.
7. Maker Assignment. In no event can Maker assign or transfer any portion of this Promissory Note without the prior express written consent of the Holder, which consent shall not be unreasonably withheld, conditioned or delayed, and provided that the assignee or transferee



expressly assumes this Promissory Note and the Agreement by execution of a written assignment document to be provided by the Holder. This section does not affect or diminish the Holder's right to assign all or any portion of its rights to the proceeds of this Note.

8. Joint and Several. The undersigned, if more than one, are jointly and severally liable hereunder.

9. Amendments. This Note may not be modified or amended except by an instrument in writing expressing such intention executed by the parties sought to be bound thereby, which writing must be so firmly attached to this Note.

10. Maker's Waivers. Maker waives any rights to require the Holder to: (a) demand payment of amounts due (known as "presentment"), (b) give notice that amounts due have not been paid (known as "notice of dishonor"), and (c) obtain an official certification of nonpayment (known as "protest").

11. Notice. Any notice that must be given to Holder or Maker under this Note must be given as provided in the Home Loan.

12. Successors Bound. This Promissory Note is binding upon the parties and their respective heirs, successors and assigns.

[SIGNATURE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Maker has executed this Promissory Note as of the date set forth above.

LINC-Monterey Park Apartments Housing Investors, LP,  
a California limited partnership

By: LINC-Monterey Park Apartments, LLC,  
a California limited liability company,  
its Managing General Partner

By: LINC Community Development Corporation,  
a California nonprofit public benefit corporation,  
its Authorized Member

By: \_\_\_\_\_  
Sunny Lay Chang  
Senior Vice President and  
Director of Housing Development

RECORDING REQUESTED BY AND )  
WHEN RECORDED MAIL TO: )  
 )  
City of Monterey Park )  
320 W. Newmark Avenue )  
Monterey Park, California, 91754-2896 )  
Attn: City Manager )

Exempt from recording fee pursuant to  
Government Code Section 27383

**DEED OF TRUST WITH ASSIGNMENT OF RENTS**  
(SHORT FORM)

This DEED OF TRUST WITH ASSIGNMENT OF RENTS ( "Deed of Trust" or "DOD"), is made as of \_\_\_\_\_, 2015, by LINC-Monterey Park Apartments Housing Investors, LP, a California limited partnership ("Trustor"), whose address is 555 E. Ocean Blvd, Suite 900, Long Beach, 90802, Attn: SVP and Director of Housing, to \_\_\_\_\_ ("Trustee"), for the benefit of the CITY OF MONTEREY PARK, a municipal corporation ("Beneficiary"), having an office located at 320 W. Newmark Avenue, Monterey Park, California, 91754-2896, Attn: City Manager.

Trustor grants to Trustee in Trust, with Power of Sale, that property (the "Property") in the City of Monterey Park, County of Los Angeles, State of California, described as:

See attached Exhibit A, incorporated herein

Together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

For the purpose of securing (1) payment of indebtedness in the principal amount of Eight Hundred Thirty-Four Thousand Eight Hundred Thirty-Three Dollars (\$834,833), according to the terms of a Promissory Note dated \_\_\_\_\_, 2015 made by Trustor, payable to order of Beneficiary, and extensions or renewals, and (2) the performance of each agreement of Trustor incorporated by reference or contained in this DOD (3) payment of additional sums and interest which may be subsequently loaned to Trustor, or Trustor's successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Orange County August 17, 1964, in all other counties August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Placer	1028	379
Alpine	3	130-31	Plumas	166	1307
Amador	133	438	Riverside	3778	347
Butte	1330	513	Sacramento	5039	124
Calaveras	185	338	San Benito	300	405
Colusa	323	391	Los Angeles	6213	768
Contra Costa	4684	1	San Francisco	A-804	596
Del Norte	101	549	San Joaquin	2855	283
El Dorado	704	635	San Luis Obispo	1311	137
Fresno	5052	623	San Mateo	4778	175
Glenn	469	76	Santa Barbara	2065	881
Humboldt	801	83	Santa Clara	6626	664
Imperial	1189	701	Santa Cruz	1638	607
Inyo	165	672	Shasta	800	633
Kern	3756	690	San Diego SERIES 5 Book 1964, Page 149774		
Kings	858	713	Sierra	38	187
Lake	437	110	Siskiyou	506	762
Lassen	192	367	Solano	1287	621
Los Angeles	T-3878	874	Sonoma	2067	427
Madera		911 136	Stanislaus		1970

Marin	1849	122	Sutter	655	585
Mariposa	90	453	Tehama	457	183
Mendocino	667	99	Trinity	108	595
Merced	1660	753	Tulare	2530	108
Modoc	191	93	Tuolumne	177	160
Mono	69	302	Los Angeles	2607	237
Monterey	357	239	Yolo	769	16
Napa	704	742	Yuba	398	693
Nevada		363			
Orange	7182	18			

does inure to and bind the parties to this DOD, with respect to the property above described. Said agreements, terms and provisions contained in said subdivision A and B, (identical in all counties), are incorporated and made a part of this Deed of Trust by reference for all purposes and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale be mailed to him at his address set forth above.

The Deed of Trust Rider is attached hereto as Exhibit B and made part of this Deed of Trust.

Signature of Trustor:

LINC-Monterey Park Apartments Housing Investors, LP,  
a California limited partnership

By: LINC-Monterey Park Apartments, LLC,  
a California limited liability company,  
its Managing General Partner

By: LINC Community Development Corporation,  
a California nonprofit public benefit corporation,  
its Authorized Member

By: \_\_\_\_\_  
Suny Lay Chang  
Senior Vice President and  
Director of Housing Development

[SIGNATURE MUST BE ACKNOWLEDGED]

**EXHIBIT A**

**LEGAL DESCRIPTION**

That real property located in the State of California, County of Los Angeles, City of Monterey Park, and described as follows:

[To Be Inserted]

## **EXHIBIT B**

### **RIDER TO DEED OF TRUST**

This Rider to Deed of Trust is subject to the terms and conditions of the Agreement for HOME/CHDO Funds dated July 22, 2013, as assigned as amended and assigned to Maker pursuant to the First Amendment to Agreement for HOME/CHDO Funds of even date herewith (as amended, the "Home Loan") and incorporated by reference, pursuant to which Beneficiary agreed to loan Trustor the sum of Eight Hundred Thirty-Four Thousand Eight Hundred Thirty-Three Dollars (\$834,833) (the "Loan"). All terms in this Rider to Deed of Trust, if not otherwise defined, have the same meanings as in the Home Loan. To the extent of any conflict between the terms of this Rider to Deed of Trust and the Home Loan, HOME Regulatory Agreement, Deed of Trust or Note (collectively, the "Loan Documents"), the terms of this Rider to Deed of Trust shall control.

1. **General Partner Change.** The withdrawal, removal, and/or replacement of a general partner of the Borrower pursuant to the terms of the Borrower's amended and restated agreement of limited partnership shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that any required substitute general partner is reasonably acceptable to Beneficiary and is selected with reasonable promptness.
2. **Limited Partner Change.** Notwithstanding anything to the contrary contained in the Loan Documents, all or a portion of the interests of Borrower's limited partners (collectively, "Investor") shall be transferable without the consent of the City.
3. **Notices to Investor.** Beneficiary shall provide Investor with written notice of any default under the Loan Documents at the following address.

[name of investor entity]  
c/o Raymond James Tax Credit Funds, Inc.  
880 Carillon Parkway  
St. Petersburg, Florida 33716  
Attn: Steven J. Kropf, President

4. **Investor Right to Cure.** City shall accept any cure or performance offered by Investor as if the same were offered by Borrower and such cure by Investor shall be subject to the same conditions and obligations as Borrower for this purpose.

## EXHIBIT 12

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

Citibank, N.A.  
Transaction Management Group/Post Closing  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, New York 10013  
Attention: Tanya Jimenez  
Re: Mosaic Gardens Deal No. 22917

### SUBORDINATION AND INTERCREDITOR AGREEMENT

**THIS SUBORDINATION AND INTERCREDITOR AGREEMENT** (this "**Agreement**") dated as of \_\_\_\_\_, 2015 is made by and between the **CITY OF MONTEREY PARK**, a municipal corporation (the "**City**") and **MONTEREY PARK SUCCESSOR HOUSING AGENCY**, a political subdivision of the state of California (the "**Successor Housing Agency**", together with the City, the "**Junior Lender**") and **CITIBANK, N.A.** ("**Senior Lender**").

#### RECITALS:

A. LINC-Monterey Park Apartments Housing Investors, LP, a California limited partnership ("**Borrower**") has applied to Senior Lender for a loan in the maximum principal amount of [\$\_\_\_\_\_] (the "**Senior Loan**") for the acquisition, construction, rehabilitation, development, equipping and operation of the Property.

B. The Senior Loan is evidenced by the Senior Note (as defined below), is secured by, among other things, that certain Senior Security Instrument (as defined herein) encumbering the Property, and will be advanced to Borrower pursuant to the Senior Loan Agreement (as defined herein).

C. The Successor Housing Agency was formed as a result of the dissolution of the City of Monterey Park Redevelopment Agency pursuant to Assembly Bill 1X26 and which owns the Property with the exception of 236 S. Ramona Avenue, Monterey Park.

D. City and LINC Community Development Corporation, a California nonprofit public benefit corporation ("**LINC**") are parties to that certain Agreement for HOME/CHDO Funds dated July 22, 2013, and the subsequent Home Redevelopment Loan dated October 2, 2013 (which advanced funds from the July 22, 2013, Agreement for HOME/CHDO Funds to LINC), as amended by a First Amendment To Agreement For HOME/CHDO FUNDS (together, the "**Junior HOME Agreement**") dated \_\_\_\_\_, 2015 by and among the

City, LINC and Borrower pursuant to which City is making a loan (the "**Junior HOME Loan**") to Borrower in the original principal amount of [\$834,833].

E. The Junior HOME Loan is evidenced by that certain Promissory Note dated \_\_\_\_\_, 2015 in the principal amount of [\$834,833] (the "**Junior HOME Note**") and is secured by that certain Deed of Trust with Assignment of Rents (the "**Junior HOME Security Instrument**") encumbering the Property.

F. The City and City Successor Housing Agency wish to promote the development and availability of affordable multifamily rental housing within the City of Monterey Park. City and LINC entered into a Development Agreement dated March 4, 2014 with respect to the Mortgaged Property (the "**Original Development Agreement**"), which Original Development Agreement has been assigned to Borrower pursuant to the First Amendment to Development Agreement which is executed by the City Successor Housing Agency acting by and through the City, Successor Housing Authority, LINC and Borrower on or about \_\_\_\_\_, 2015 (the "**First Amendment**", and together with the Original Development Agreement, the "**Development Agreement**"). In furtherance of the Development Agreement, the Successor Housing Agency and Borrower are parties to that certain Loan Agreement (the "**Junior Acquisition Loan Agreement**") dated \_\_\_\_\_, 2015 whereby the City Successor Housing Agency acting by and through the City is making a loan (the "**Junior Acquisition Loan**") to Borrower in the original principal amount of [\$2,080,000].

G. The Junior Acquisition Loan is evidenced by that certain Promissory Note dated \_\_\_\_\_, 2015 in the principal amount of [\$2,080,000] (the "**Junior Acquisition Loan Note**") and is secured by that certain Deed of Trust with Assignment of Rents (the "**Junior Acquisition Loan Security Instrument**") encumbering the Property.

H. As a condition to the making of the Senior Loan, Senior Lender requires that Junior Lender execute and deliver this Agreement prior to the making of the Senior Loan and the granting of the Junior Security Instrument by Borrower.

NOW, THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the making of the Senior Loan and to induce Senior Lender to consent to the Junior Loan and the Junior Security Instrument, Junior Lender hereby agrees as follows:

1. **Definitions.** Capitalized terms used but not defined in this Agreement shall have the meanings ascribed thereto in the Senior Security Instrument. As used in this Agreement, the terms set forth below shall have the respective meanings indicated:

"*Bankruptcy Proceeding*" means any bankruptcy, involuntary reorganization, insolvency, composition, restructuring, dissolution, liquidation, receivership, assignment for the benefit of creditors, or custodianship action or proceeding under any federal or state law with respect to Borrower, any guarantor of any of the Senior Indebtedness, any of their respective properties, or any of their respective partners, members, officers, directors, or shareholders.

"*Casualty*" means the occurrence of damage to or loss of any of the Property by fire or other casualty.



*"City Residual Receipts"* shall have the meaning ascribed to such term in the Junior Acquisition Loan Agreement.

*"Condemnation"* means any proposed or actual condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Property, whether direct or indirect.

*"Enforcement Action"* means the acceleration of all or any part of the Junior Indebtedness, the advertising of or commencement of any foreclosure or trustee's sale proceedings, the exercise of any power of sale, the acceptance of a deed or assignment in lieu of foreclosure or sale, the collecting of Rents, the obtaining of or seeking of the appointment of a receiver, the seeking of default interest, the taking of possession or control of any of the Property, the commencement of any suit or other legal, administrative, or arbitration proceeding based upon the Junior Note or any other of the Junior Loan Documents, the exercising of any banker's lien or rights of set-off or recoupment, or the taking of any other enforcement action against Borrower, any other party liable for any of the Junior Indebtedness or obligated under any of the Junior Loan Documents, or the Property. However, the phrase "Enforcement Action" does not limit, restrict, or impair the Junior Lender in its municipal capacity in the exercise of its police power pursuant to the State Constitution or law, its Municipal Code, or any municipal ordinance or regulation, or in its enterprise capacity relating to the provision of municipal services to the Property such as, by way of example and not limitation, zoning and building code enforcement, water and sewer delivery, or refuse collection.

*"Enforcement Action Notice"* means a written notice from Junior Lender to Senior Lender, given following a Junior Loan Default and the expiration of any notice or cure periods provided for such Junior Loan Default in the Junior Loan Documents, setting forth in reasonable detail the Enforcement Action proposed to be taken by Junior Lender.

*"HOME Covenants"* means the Agreement Containing Covenants Affecting Real Property (Including Rental Restrictions) dated \_\_\_\_\_, 2015 made by Borrower for the benefit of the City and which shall be recorded against the Property.

*"Junior Indebtedness"* means all indebtedness of any kind at any time evidenced or secured by, or arising under, the Junior Loan Documents, whether incurred, arising or accruing before or after the filing of any Bankruptcy Proceeding.

*"Junior Loan"* means, collectively, the Junior HOME Loan and the Junior Acquisition Loan.

*"Junior Loan Documents"* means, collectively, the Junior HOME Agreement, the Junior Acquisition Loan Agreement, the Development Agreement the Junior Note, the Junior Security Instrument, the Junior Loan Agreement and all other documents evidencing, securing or delivered in connection with the Junior Loan, all of which are listed on Exhibit B attached hereto, together with such modifications, amendments and supplements thereto as are approved in writing by Senior Lender prior to their execution. It is understood and agreed that the HOME Covenants and Parking Covenant shall not constitute a Junior Loan Document.

*"Junior Note"* means, collectively, the Junior HOME Note and the Junior Acquisition Loan Note, as the same may from time to time be extended, consolidated, substituted for, modified, amended or supplemented upon receipt of the consent of Senior Lender.

*"Junior Security Instrument"* means, collectively, the Junior HOME Security Instrument and the Junior Acquisition Loan Security Instrument, as the same may from time to time be extended, consolidated, substituted for, modified, amended or supplemented upon receipt of the consent of Senior Lender.

*"Junior Loan Default"* means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an "Event of Default" as defined in the Junior Security Instrument.

*"Loss Proceeds"* means all monies received or to be received under any insurance policy, from any condemning authority, or from any other source, as a result of any Condemnation or Casualty.

*"Parking Covenant"* means that certain ingress and egress and parking Covenant that was executed by LINC and City on \_\_\_\_\_, 2015, with respect to that certain real property located at 236 Ramona, Avenue, Monterey Park, California.

*"Property"* means (i) the land and improvements known or to be known as Mosaic Gardens at Monterey Park, located in Monterey Park, Los Angeles, State of California, which Property is more particularly described on Exhibit A attached hereto, and (ii) all furniture, fixtures and equipment located at such apartments and other property, accounts, deposits and rights and interests of Borrower encumbered by the Senior Security Instrument and/or the other Senior Loan Documents.

*"Senior Indebtedness"* means all indebtedness of any kind at any time evidenced or secured by, or arising under, the Senior Loan Documents, whether incurred, arising or accruing before or after the filing of any Bankruptcy Proceeding.

*"Senior Loan Agreement"* means that certain Construction Loan Agreement dated as of the date hereof by and between Borrower and Senior Lender relating to the Senior Loan.

*"Senior Loan Default"* means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an "Event of Default" as defined in the Senior Security Instrument.

*"Senior Loan Documents"* means, collectively, the Senior Security Instrument, the Senior Note, the Senior Loan Agreement and all of the other documents, instruments and agreements now or hereafter evidencing, securing or otherwise executed in connection with the Senior Loan, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented in accordance with the provisions of this Agreement.

*"Senior Note"* means the Note, as defined by the Senior Security Instrument, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented.

*"Senior Security Instrument"* means that certain Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of the date hereof, made by Borrower for the benefit of Senior Lender, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented.

"Servicer" shall mean the Servicer contracting with or appointed by the Senior Lender to service the Senior Loan.

**2. Junior Loan and Junior Loan Documents are Subordinate; Acts by Senior Lender do not Affect Subordination.**

(a) Junior Lender hereby covenants and agrees on behalf of itself and its successors and permitted assigns that the Junior Indebtedness is and shall at all times continue to be, subordinate, subject and inferior (in payment and priority) to the prior payment in full of the Senior Indebtedness, and that except for the Home Covenant, Parking Covenant and the exercise of the City's police powers, which shall, without exception, take priority over the Senior Indebtedness, the liens, rights, payment interests, priority interests and security interests granted to Junior Lender in connection with the Junior Loan and under the Junior Loan Documents are, and are hereby expressly acknowledged to be in all respects and at all times, subject, subordinate and inferior in all respects to the liens, rights, payment, priority and security interests granted to Senior Lender under the Senior Loan and the Senior Loan Documents and the terms, covenants, conditions, operations and effects thereof.

(b) Except as expressly set forth herein, repayment of the Junior Indebtedness, is and shall be postponed and subordinated to repayment in full of the Senior Loan. Prior to a Senior Loan Default (regardless of whether such Default occurs prior to or during the pendency of a Bankruptcy Proceeding), Junior Lender shall be entitled to receive and retain payments made pursuant to and in accordance with the terms of the Junior Loan Documents; provided, however, that no such payment is made more than ten (10) days in advance of the due date thereof. Junior Lender agrees that from and after such time as it has received from either Senior Lender or Borrower written notice that a Senior Loan Default then exists (which has not been expressly waived in writing by Senior Lender) or otherwise has actual knowledge of such a Senior Loan Default, Junior Lender shall not receive or accept any payments under the Junior Loan. If (i) Junior Lender receives any payment, property, or asset of any kind or in any form on account of the Junior Indebtedness (including, without limitation, any proceeds from any Enforcement Action) after a Senior Loan Default of which Junior Lender has actual knowledge or has been given notice, or (ii) Junior Lender receives, voluntarily or involuntarily, by operation of law or otherwise, any payment, property, or asset in or in connection with any Bankruptcy Proceeding, such payment, property, or asset will be received and held in trust for Senior Lender. Junior Lender will promptly remit, in kind and properly endorsed as necessary, all such payments, properties, and assets to Senior Lender. Senior Lender shall apply any payment, asset, or property so received from Junior Lender to the Senior Indebtedness in such order, amount (with respect to any asset or property other than immediately available funds), and manner as Senior Lender shall determine in its sole and absolute discretion.

(c) Without limiting the subordination of the Junior Indebtedness to the payment in full of the Senior Indebtedness, in any Bankruptcy Proceeding, upon any payment or distribution (whether in cash, property, securities, or otherwise) to creditors (i) the Senior Indebtedness shall first be paid in full in cash before Junior Lender shall be entitled to receive any payment or other distribution on account of or in respect of the Junior Indebtedness, and (ii) until all of the Senior Indebtedness is paid in full in cash, any payment or distribution to which Junior Lender would be entitled but for this Agreement (whether in cash, property, or other assets) shall be made to Senior Lender.

(d) The subordination of the Junior Indebtedness shall continue in the event that any payment under the Senior Loan Documents (whether by or on behalf of Borrower, as proceeds of security or enforcement of any right of set-off or otherwise) is for any reason repaid or returned to Borrower or its insolvent estate, or avoided, set aside or required to be paid to Borrower, a trustee, receiver or other similar party under any bankruptcy, insolvency, receivership or similar law. In such event, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding to the extent of any repayment, return, or other action, as if such payment on account of the Senior Indebtedness had not been made.

(e) [Reserved].

(f) By reason of, and without in any way limiting, the subordination of the Junior Indebtedness and the Junior Loan Documents provided for in this Agreement, all rights and claims of Junior Lender under the Junior Security Instrument or under the Junior Loan Documents in or to the Property or any portion thereof, the proceeds thereof, the Leases thereof, the Rents, issues and profits therefrom, and the Loss Proceeds payable with respect thereto, are expressly subject and subordinate in all respects to the rights and claims of Senior Lender under the Senior Loan Documents in and to the Property or any portion thereof, the proceeds thereof, the Leases thereof, the Rents, issues and profits therefrom, and the Loss Proceeds payable with respect thereto.

(g) If Junior Lender, by indemnification, subrogation or otherwise, shall acquire any lien, estate, right or other interest (except the Home Covenant or Parking Covenant) in any of the Property, that lien, estate, right or other interest shall be fully subject and subordinate to the receipt by Senior Lender of payment in full of the Senior Indebtedness, and to the Senior Loan Documents, to the same extent as the Junior Indebtedness and the Junior Loan Documents are subordinate pursuant to this Agreement.

(h) In confirmation, and not as a condition, of the subordination of the Junior Indebtedness and the Junior Loan Documents provided for in this Agreement, Junior Lender shall place on or attach to the Junior Note a notice to the following effect, and shall provide Senior Lender with a copy of the Junior Note showing such notice:

"The indebtedness evidenced by this Note is and shall be subject to the terms and conditions set forth in that certain Subordination Agreement dated \_\_\_\_\_, 2015 between the City and Citibank, N.A."

(i) Junior Lender hereby acknowledges and agrees that Senior Lender may, without the consent or approval of Junior Lender, agree with Borrower to extend, consolidate, modify, increase or amend any or all the Senior Loan Documents and otherwise act or fail to act with respect to any matter set forth in any Senior Loan Document (including, without limitation, the exercise of any rights or remedies, waiver, forbearance or delay in enforcing any rights or remedies, the declaration of acceleration, the declaration of defaults or events of default, the release, in whole or in part, of any collateral or other property, and any consent, approval or waiver), and all such extensions, consolidations, modifications, amendments acts and omissions shall not release, impair or otherwise affect Junior Lender's obligations and agreements hereunder; provided, however, that Senior Lender shall obtain the prior written consent of Junior Lender for any extension, consolidation, modification, or amendment to any or all Senior Loan Documents that (i) increases the Senior Loan or Senior Indebtedness, (ii) in the event the Conversion Date occurs (as defined in the Citi First Security Instrument), shortens the term of the Senior Loan to a term less than fifteen (15) years following the Conversion Date or lengthens the term to a term longer than twenty five (25) years following the Conversion Date. No consent from Junior Lender shall be necessary for any increase to the Senior Loan or Senior Indebtedness arising from protective advances made by Senior Lender under Section 12(a) of the Senior Security Instrument.

(a) Senior Lender hereby covenants and agrees on behalf of itself and its successors and assigns that the liens, rights, payment interests, priority interests and security interests granted to Senior Lender in connection with the Senior Loan and under the Senior Loan Documents are, and are hereby expressly acknowledged to be in all respects and at all times, subject, subordinate and inferior in all respects to the rights and priority granted to Junior Lender under the HOME Covenants and Parking Covenants.

### **3. Junior Lender Agreements.**

(a) Without the prior written consent of Senior Lender in each instance, Junior Lender shall not (i) amend, modify, extend, renew or replace any provision of any of the Junior Loan Documents, or (ii) pledge, assign, transfer, convey, or sell any interest in the Junior Indebtedness or any of the Junior Loan Documents; or (iii) accept any payment on account of the Junior Indebtedness other than a regularly scheduled payment of interest or principal and interest made not earlier than ten (10) days prior to the due date thereof; or (iv) take any action which has the effect of increasing the Junior Indebtedness except to exercise of the City's police power pursuant to the State Constitution or law, the Municipal Code, or any municipal ordinance or regulation; or (v) appear in, defend or bring any action in connection with the Property, other than pursuant to the HOME Covenants or the Parking Covenant or in the exercise of the City's police power pursuant to the State Constitution or law, its Municipal Code, or any municipal ordinance or regulation; or (vi) take any action concerning environmental matters affecting the Property. Regardless of any contrary provision in the Junior Loan Documents, Junior Lender shall not collect payments for the purpose of escrowing for any cost or expense related to the Property or for any portion of the Junior Indebtedness.

(b) Junior Lender hereby agrees that Senior Lender may, at its option (but without any obligation to do so), at any time (including during the pendency of a Bankruptcy Proceeding), purchase the Junior Loan at par (and without liability for any prepayment premiums or liquidated damages set forth in the Junior Loan Documents). Such transfer and assignment of the Junior Loan shall be without representation or recourse, except that Junior Lender shall represent to the extent such are true and correct: that it is the sole holder of the Junior Loan, that it has authority to assign and convey the Junior Loan Documents, that, to the best of its knowledge, there are no defaults or breaches under the Junior Loan Documents, and as to the total amount then outstanding under the Junior Loan. Additionally, Senior Lender shall have the right, but shall not have any obligation, to cure any Junior Loan Default until ninety (90) days following Senior Lender's receipt of an Enforcement Action Notice given by Junior Lender as a consequence of the Junior Loan Default. Senior Lender shall not be subrogated to the rights of Junior Lender under the Junior Loan Documents by reason of Senior Lender having cured any Junior Loan Default. However, Junior Lender acknowledges that all amounts advanced or expended by Senior Lender to cure a Junior Loan Default shall be added to and become a part of the Senior Indebtedness pursuant to the terms of the Senior Security Instrument.

(c) Senior Lender shall have all approval, consent and oversight rights in connection with any insurance claims relating to the Property, any decisions regarding the use of insurance proceeds after a casualty loss or condemnation awards, the hiring or firing of property managers, or otherwise related in any way to the Property, and Junior Lender shall have no right to object to any such action or approval taken by Senior Lender and shall consent thereto and be bound thereby.

(d) Junior Lender agrees that in any action commenced to enforce the obligation of Borrower to pay any portion of the Junior Indebtedness, the judgment shall not be enforceable personally against Borrower or Borrower's assets, and the recourse of Junior Lender for the collection of the Junior Indebtedness shall be limited to actions against the Property and the rents, profits, issues, products, and income from the Property.

(e) Junior Lender shall not commence or join with any other creditor in commencing any Bankruptcy Proceeding involving Borrower, and Junior Lender shall not initiate and shall not be a party to any action, motion or request, in a Bankruptcy Proceeding involving any other person or entity, which seeks the consolidation of some or all of the assets of Borrower into such Bankruptcy Proceeding. In the event of any Bankruptcy Proceeding relating to Borrower or the Property or, in the event of any Bankruptcy Proceeding relating to any other person or entity into which (notwithstanding the covenant in the first sentence of this clause) the assets or interests of Borrower are consolidated, then in either event, the Senior Loan shall first be paid in full before Junior Lender shall be entitled to receive and retain any payment or distribution in respect to the Junior Loan. Junior Lender agrees that (i) Senior Lender shall receive all payments and distributions of every kind or character in respect of the Junior Loan to which Junior Lender would otherwise be entitled, but for the subordination provisions of this Agreement (including without limitation, any payments or distributions during the



pendency of a Bankruptcy Proceeding involving Borrower or the Property), and (ii) the subordination of the Junior Loan and the Junior Loan Documents shall not be affected in any way by Senior Lender electing, under Section 1111(b) of the federal bankruptcy code, to have its claim treated as being a fully secured claim. In addition, Junior Lender hereby covenants and agrees that, in connection with a Bankruptcy Proceeding involving Borrower, neither Junior Lender nor any of its affiliates shall (i) make or participate in a loan facility to or for the benefit of Borrower on a basis that is senior to or pari passu with the liens and interests held by Senior Lender pursuant to the Senior Loan Documents, (ii) not vote affirmatively in favor of any plan of reorganization or liquidation unless Senior Lender has also voted affirmatively in favor of such plan and (iii) not contest the continued accrual of interest on the Senior Indebtedness, in accordance with and at the rates specified in the Senior Loan Documents, both for periods before and for periods after the commencement of such Bankruptcy Proceedings. Junior Lender shall execute and deliver to Senior Lender powers of attorney, assignments or other instruments as may be requested by Senior Lender in order to enable it to exercise the above-described authority or powers with respect to any or all of the Junior Loan Documents, and to collect and receive any and all payments or distributions which may be payable or deliverable at any time upon or with respect to any of the Junior Loan Documents to Junior Lender.

(f) Junior Lender covenants and agrees that the effectiveness of this Agreement and the rights of Senior Lender hereunder shall be in no way impaired, affected, diminished or released by any renewal or extension of the time of payment of the Senior Loan, by any delay, forbearance, failure, neglect or refusal of Senior Lender in enforcing payment thereof or in enforcing the lien of or attempting to realize upon the Senior Loan Documents or any other security which may have been given or may hereafter be given for the Senior Loan, by any waiver or failure to exercise any right or remedy under the Senior Loan Documents, or by any other act or failure to act by Senior Lender. Junior Lender acknowledges that Senior Lender, at its sole option, may release all or any portion of the Property from the lien of the Senior Security Instrument, and may release or waive any guaranty, surety or indemnity providing additional collateral to Senior Lender, and Junior Lender hereby waives any legal or equitable right in respect of marshaling it might have, in connection with any release of all or any portion of the Property by Senior Lender, to require the separate sales of any portion of the Property or to require Senior Lender to exhaust its remedies against any portion of the Property or any other collateral before proceeding against any other portion of the Property or other collateral (including guaranties) for the Senior Loan. Senior Lender may pursue all rights and remedies available to it under the Senior Loan Documents, at law, or in equity, regardless of any Enforcement Action Notice or Enforcement Action by Junior Lender. At any time or from time to time and any number of times, without notice to Junior Lender and without affecting the liability of Junior Lender, (a) the time for payment of the Senior Indebtedness may be extended or the Senior Indebtedness may be renewed in whole or in part; (b) the time for Borrower's performance of or compliance with any covenant or agreement contained in the Senior Loan Documents, whether presently existing or hereinafter entered into, may be extended or such performance or compliance may be waived; (c) the maturity of the Senior Indebtedness may be accelerated as provided in the Senior Loan Documents; (d) any Senior Loan Document may be

modified or amended by Senior Lender and Borrower in any respect, including, but not limited to, an increase in the principal amount; and (e) any security for the Senior Indebtedness may be modified, exchanged, surrendered or otherwise dealt with or additional security may be pledged or mortgaged for the Senior Indebtedness. If, after the occurrence of a Senior Loan Default, Senior Lender acquires title to any of the Property pursuant to a mortgage foreclosure conducted in accordance with applicable law, the lien, operation, and effect of the Junior Security Instrument and other Junior Loan Documents automatically shall terminate with respect to such Property upon Senior Lender's acquisition of title.

(g) Junior Lender acknowledges that it entered into the transactions contemplated by the Junior Loan Documents and made the Junior Loan to Borrower without reliance upon any information or advice from Senior Lender. Junior Lender made its own underwriting analysis in connection with the Junior Loan, its own credit review of Borrower, and investigated all matters pertinent, in Junior Lender's judgment, to its determination to make the Junior Loan to Borrower. Junior Lender acknowledges that it is a sophisticated, experienced commercial lender, and was represented by competent counsel in connection with this Agreement.

(h) Junior Lender hereby represents and warrants that, as of the date hereof, the entire proceeds of the Junior Loan have been disbursed to Borrower. Junior Lender hereby further represents and warrants that: (i) Junior Lender is now the owner and holder of the Junior Loan Documents; (ii) the Junior Loan Documents are now in full force and effect; (iii) the Junior Loan Documents have not been modified or amended; (iv) no default or event which, with the passing of time or giving of notice would constitute a default, under the Junior Loan Documents has occurred; (v) the current principal balance of the Junior Indebtedness is [SUBORDINATE LOAN AMOUNT]; (vi) no scheduled monthly payments under the Junior Note have been or will be prepaid except with the prior written consent of Senior Lender; (vii) none of the rights of Junior Lender under any of the Junior Loan Documents are subject to the rights of any third parties, by way of subrogation, indemnification or otherwise, other than rights of U.S. Department of Housing and Urban Development under the Junior HOME Loan documents; and (viii) there are no other Junior Loan Documents other than those listed on Exhibit B hereto. Borrower further represents and warrants that it has provided to Senior Lender a true, complete, and correct copy of all the Junior Loan Documents.

Junior Lender hereby agrees that notwithstanding anything to the contrary in the Junior Loan Documents, for so long as the Senior Loan is outstanding, (i) the maturity date of the Junior Note shall occur no earlier than one (1) month after the maturity date of the Senior Note, and (ii) Borrower shall not be obligated to pay more than fifty percent (50%) of City Residual Receipts.

#### **4. Standstill Agreement; Right to Cure Senior Loan Default.**

(a) Until such time as any of the Senior Indebtedness has been repaid in full and the Senior Security Instrument has been released and discharged, Junior Lender shall not without the prior written consent of Senior Lender, which may be withheld in Senior



Lender's sole and absolute discretion, take any Enforcement Action until 90 days after the Junior Lender has delivered to the Senior Lender an Enforcement Action Notice with respect to such Enforcement Action, provided, however, that during such 90-day period the Junior Lender will be entitled to exercise and enforce the rights and remedies available to Junior Lender relating to income, rent, or affordability restrictions contained in the HOME Covenants or Parking Covenants. The Junior Lender may not commence any other Enforcement Action, including, without limitation, any foreclosure action under the Junior Loan Documents until the earlier of (i) the expiration of such 90-day period or (ii) the delivery by the Senior Lender to the Junior Lender of the Senior Lender's written consent to such Enforcement Action by the Junior Lender.

(b) Senior Lender shall, simultaneously with the sending of any notice of a Senior Loan Default to Borrower, send to Junior Lender a copy of said notice under the Senior Loan Documents; provided, however, failure to do so shall not affect the validity of such notice or any obligation of Borrower to Senior Lender and shall not affect the relative priorities between the Senior Loan and the Junior Loan as set forth herein. Borrower covenants and agrees to forward to Junior Lender, within three (3) business days of Borrower's receipt thereof, a copy of any notice of a Senior Loan Default Borrower receives from Senior Lender.

(c) Junior Lender shall have the right, but shall have no obligation, to cure any Senior Loan Default; provided, if Junior Lender shall elect to cure any such Default, it shall so notify Senior Lender and shall commence and complete such curing within any applicable notice or grace period, if any, as Borrower is permitted by the terms of the Senior Loan Documents to cure such Senior Loan Default. Junior Lender shall not be subrogated to the rights of Senior Lender under the Senior Loan Documents by reason of Junior Lender having cured any Senior Loan Default. However, Senior Lender acknowledges that, to the extent so provided in the Junior Loan Documents, amounts advanced or expended by Junior Lender to cure a Borrower Default or Senior Loan Default may be added to and become a part of the Junior Indebtedness.

(d) Junior Lender agrees that, notwithstanding any contrary provision contained in the Junior Loan Documents, a Senior Loan Default shall not constitute a default under the Junior Loan Documents if no other default occurred under the Junior Loan Documents.

(e) Junior Lender acknowledges that any conveyance or other transfer of title to the Property pursuant to a foreclosure of the Junior Security Instrument (including a conveyance or other transfer of title pursuant to the exercise of a power of sale contained in the Junior Security Instrument), or any deed or assignment in lieu of foreclosure or similar arrangement, shall be subject to the transfer provisions of the Senior Loan Documents; and the person (including Junior Lender) who acquires title to the Property pursuant to the foreclosure proceeding (or pursuant to the exercise of a power of sale contained in the Junior Security Instrument) shall not be deemed to be automatically approved by Senior Lender.

5. **Insurance.** Junior Lender agrees that all original policies of insurance required pursuant to the Senior Security Instrument shall be held by Senior Lender. The preceding sentence shall not preclude Junior Lender from requiring that it be named as a loss payee, as its interest may appear, under all policies of property damage insurance maintained by Borrower with respect to the Property, provided such action does not affect the priority of payment of the proceeds of property damage insurance under the Senior Security Instrument, or that it be named as an additional insured under all policies of liability insurance maintained by Borrower with respect to the Property.

6. **Default.** Junior Lender and Borrower acknowledge and agree that a default by either such party under this Agreement shall, at the sole option of Senior Lender, constitute a default under the Senior Loan Documents. Each party hereto acknowledges that in the event any party fails to comply with its obligations hereunder, the other parties shall have all rights available at law and in equity, including the right to obtain specific performance of the obligations of such defaulting party and injunctive relief. No failure or delay on the part of any party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder.

7. **Enforcement Costs.** Borrower agrees to reimburse Senior Lender for any and all costs and expenses (including reasonable attorneys' fees) incurred by Senior Lender in connection with enforcing its rights against Junior Lender under this Agreement.

8. **Notices.** Any notice which any party hereto may be required or may desire to give hereunder shall be deemed to have been given and shall be effective only if it is in writing and (i) delivered personally, (ii) mailed, postage prepaid, by United State registered or certified mail, return receipts requested, (iii) delivered by overnight express courier or (iv) sent by telecopier, in each instance addressed as follows:

To Junior Lender:                      City of Monterey Park  
320 W. Newmark Avenue  
Monterey Park, CA 91754-2896  
Attn: City Manager

If to Senior Lender:                      Citibank, N.A.  
390 Greenwich Street, 2nd Floor  
New York, New York 10013  
Attention: Transaction Management Group  
RE: Mosaic Gardens Deal No. 22917  
Facsimile: (212) 723-8209

AND

Citibank, N.A.  
325 East Hillcrest Drive, Suite 160  
Thousand Oaks, California 91360

Attention: Operations Manager/Asset Manager  
Re: Mosaic Gardens Deal No. 22917  
Facsimile: (805) 557-0924

AND

Citibank, N.A.  
390 Greenwich Street, 2nd Floor  
New York, New York 10013  
Attention: Account Specialist  
Re: Mosaic Gardens Deal No. 22917  
Facsimile: (212) 723-8209

Following the Conversion Date, with a copy to: Berkadia Commercial Mortgage LLC  
118 Welsh Road  
Horsham, Pennsylvania 19044  
Attention: Client Relations Manager  
Re: Mosaic Gardens Deal No. 22917  
Facsimile: (215) 441-7295

And a copy of any notices of default sent to: Citibank, N.A.  
388 Greenwich Street  
New York, New York 10013  
Attention: General Counsel's Office  
Re: Mosaic Gardens Deal No. 22917  
Facsimile: (646) 219-5754

or at such other addresses or to the attention of such other persons as may from time to time be designated by the party to be addressed by written notice to the other in the manner herein provided. Notices, demands and requests given in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder when received or when delivery is refused or when the same are returned to sender for failure to be called for.

9. **WAIVER OF TRIAL BY JURY.** TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF THE PARTIES HERETO (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL. IF THIS AGREEMENT IS DEEMED UNENFORCEABLE FOR ANY REASON, SUCH DISPUTES SHALL BE RESOLVED BY JUDICIAL REFERENCE.

10. **Term.** The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the principal

of, interest on and other amounts payable under the Senior Loan Documents; (ii) the payment of all of the principal of, interest on and other amounts payable under the Junior Loan Documents, other than by reason of payments which Junior Lender is obligated to remit to Senior Lender pursuant to the terms hereof; (iii) the acquisition by Senior Lender of title to the Property pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale contained in) the Senior Security Instrument; (iv) the acquisition by Junior Lender of title to the Property pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale contained in) the Junior Security Instrument, but only if such acquisition of title does not violate any of the terms of this Agreement; or (v) a determination that either the Senior loan or Senior Security Instruments or the Junior Loan or Junior Security Instrument has been deemed to be invalid or unenforceable against the Borrower as evidenced by a final, nonappealable order by a court of competent jurisdiction.

#### **11. Miscellaneous.**

(a) Junior Lender shall, within ten (10) business days following a request from Senior Lender, provide Senior Lender with a written statement setting forth the then current outstanding principal balance of the Junior Loan, the aggregate accrued and unpaid interest under the Junior Loan, and stating whether, to the knowledge of Junior Lender, any default or event of default exists under the Junior Loan, and containing such other information with respect to the Junior Indebtedness as Senior Lender may require. Upon notice from Senior Lender from time to time, Junior Lender shall execute and deliver such additional instruments and documents, and shall take such actions, as are required by Senior Lender in order to further evidence or effectuate the provisions and intent of this Agreement.

(b) Junior Lender shall give Senior Lender a concurrent copy of each notice of a Junior Loan Default given by Junior Lender under the Junior Loan Documents.

(c) This Agreement shall bind and inure to the benefit of all successors and assigns of Junior Lender and Senior Lender. Senior Lender may assign its interest in the Senior Loan Documents without notice to or consent of Junior Lender. Junior Lender may only assign its rights and interests hereunder to governmental entity of the State of California or, in the case of any other assignment, following the prior written consent of Senior Lender which consent may be withheld or conditioned in its sole and absolute discretion.

(d) Senior Lender hereby consents to the Junior Loan and the Junior Loan Documents; provided, however, that this Agreement does not constitute an approval by Senior Lender of the terms of the Junior Loan Documents. Junior Lender hereby consents to the Senior Loan and the Senior Loan Documents; provided, however, that this Agreement does not constitute an approval by Junior Lender of the terms of the Senior Loan Documents.

(e) This Agreement may be executed in multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

(f) IN ALL RESPECTS, INCLUDING, WITHOUT LIMITATION, MATTERS OF CONSTRUCTION AND PERFORMANCE OF THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER, THIS AGREEMENT HAS BEEN ENTERED INTO AND DELIVERED IN, AND SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY, THE LAWS OF THE STATE WHERE THE PROPERTY IS LOCATED, WITHOUT GIVING EFFECT TO ANY PRINCIPLES OF CONFLICTS OF LAW.

(g) Time is of the essence in the performance of every covenant and agreement contained in this Agreement.

(h) If any provision or remedy set forth in this Agreement for any reason shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or remedy of this Agreement and this Agreement shall be construed as if such invalid, illegal or unenforceable provision or remedy had never been set forth herein, but only to the extent of such invalidity, illegality or unenforceability.

(i) Each party hereto hereby represents and warrants that this Agreement has been duly authorized, executed and delivered by it and constitutes a legal, valid and binding agreement enforceable in all material respects in accordance with its terms.

(j) Borrower hereby acknowledges and consents to the execution of this Agreement, and agrees to be bound by the provisions hereof that are applicable to Borrower. Solely as between Senior Lender and Junior Lender, all of the signatories below hereby agree that to the extent of any conflict between the terms and provisions of this Agreement and the terms and provisions of the Senior Loan Documents and/or the Junior Loan Documents respectively, the terms and provisions of this Agreement shall govern and control. By executing this Agreement in the place provided below, Borrower hereby (i) acknowledges the provisions hereof, (ii) agrees not to take any action inconsistent with Senior Lender's rights or Junior Lender's rights under this Agreement, (iii) waives and relinquishes to the maximum extent permitted by law any and all rights, defenses and claims now existing or hereinafter accruing relating to Junior Lender's forbearance from exercising any rights and remedies pursuant to Section 4 of this Agreement, including, without limitation, any defenses based on the statute of limitations or any equitable defenses, such as laches, and (iv) acknowledges and agrees that (A) this Agreement is entered into for the sole protection and benefit of Senior Lender and Junior Lender (and their respective successors, assigns and participants), and no other person (including Borrower) shall have any benefits, rights or remedies under or by reason of this Agreement, (B) nothing in this Agreement is intended, or shall be construed to, relieve or discharge the obligations or liabilities of any third party (including Borrower under the Senior Loan Documents and the Junior Loan Documents), (c) neither of them nor any of their affiliates shall be, or be deemed to be, beneficiaries of any of the provisions hereof or have any rights hereunder whatsoever, and (D) no provision of this Agreement is intended to, or shall be construed to, give any such third party (including Borrower) any right subrogating to the rights of, or action against, Senior Lender or Junior Lender.

(k) No amendment, supplement, modification, waiver or termination of this Agreement shall be effective against any party unless such amendment, supplement, modification, waiver or termination is contained in a writing signed by such party.

(l) No party other than Senior Lender and Junior Lender shall have any rights under, or be deemed a beneficiary of any of the provisions of, this Agreement.

(m) Nothing herein or in any of the Senior Loan Documents or Junior Loan Documents shall be deemed to constitute Senior Lender as a joint venturer or partner of Junior Lender.

**12. Attached Exhibits.**

The following Exhibits are attached to this Agreement and are incorporated by reference herein as if more fully set forth in the text hereof:

**Exhibit A – Legal Description**

**Exhibit B – Junior Loan Documents**

The terms of this Agreement are modified and supplemented as set forth in said Exhibits. To the extent of any conflict or inconsistency between the terms of said Exhibits and the text of this Agreement, the terms of said Exhibits shall be controlling in all respects.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Subordination and Intercreditor Agreement or caused this Subordination and Intercreditor Agreement to be duly executed and delivered by their respective authorized representatives as of the date first set forth above. The undersigned intend that this instrument shall be deemed to be signed and delivered as a sealed instrument.

**JUNIOR LENDER:**

**CITY OF MONTEREY PARK**, a municipal corporation

**MONTEREY PARK SUCCESSOR HOUSING AGENCY**, a political subdivision of the state of California

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

Attest:

Attest:

By: \_\_\_\_\_, Secretary

By: \_\_\_\_\_, Secretary

Approved as to Form:

Approved as to Form

\_\_\_\_\_

\_\_\_\_\_

**SENIOR LENDER:**

**CITIBANK, N.A.,**  
a national banking association

By: \_\_\_\_\_

Name:

Title: Vice President



**ACKNOWLEDGED AND AGREED AS OF THE DATE FIRST SET FORTH ABOVE:**

**BORROWER:**

**LINC-MONTEREY PARK APARTMENTS  
HOUSING INVESTORS, LP**, a California limited  
partnership

By: LINC-Monterey Park Apartments, LLC, a  
California limited liability company, its  
managing general partner

By: LINC Community Development  
Corporation, a California nonprofit  
public benefit corporation, its authorized  
member

By: \_\_\_\_\_  
Name: Suny Lay Chang  
Title: Senior Vice President and  
Director of Housing  
Development

**EXHIBIT A**

**LEGAL DESCRIPTION**

[Attached hereto]

**EXHIBIT B**

**JUNIOR LOAN DOCUMENTS**

1. Development Agreement dated March 4, 2014
2. First Amendment to Development Agreement dated \_\_\_\_\_, 2015
3. Loan Agreement dated \_\_\_\_\_, 2015
4. Home Predevelopment Loan dated October 2, 2013
5. Promissory Note dated \_\_\_\_\_, 2015 in the principal amount of [\$2,080,000]
6. Deed of Trust with Assignment of Rents
7. Agreement for HOME/CHDO Funds dated July 22, 2013
8. First Amendment To Agreement For HOME/CHDO FUNDS
9. Promissory Note dated \_\_\_\_\_, 2015 in the principal amount of [\$834,833]
10. Deed of Trust with Assignment of Rents

EXHIBIT 13

OFFICIAL BUSINESS

Document exempt from recording  
fees pursuant to Govt. Code § 6103.

**RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:**

CITY OF MONTEREY PARK  
320 W. Newmark Avenue  
Monterey Park, CA 91754-2896  
ATTN: CITY CLERK

APNs: XXX

SPACE ABOVE THIS LINE FOR RECORDING USE

**RENTAL RESTRICTIVE COVENANT**

APNs: XXX

THIS RENTAL RESTRICTIVE COVENANT ("**Covenant**") is entered into on the date set forth below, between the MONTEREY PARK SUCCESSOR HOUSING AGENCY, a political subdivision of the state of California ("**SHA**"), the CITY OF MONTEREY PARK, a general law city and municipal corporation ("**CITY**") and LINC COMMUNITY DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation ("**LINC**" or "**OWNER**"). The Parties agree as follows:

**I. RECITALS.**

The Parties enter into this Agreement with reference to the following:

- A. On \_\_\_\_\_, 2015, City and SHA entered into an agreement with LINC, which among other things approved construction of six (6) residential dwelling units (the "**DA**"). The DA provides that LINC must provide Affordable Units on the real property which is described in Exhibits "A" and "B," both of which are incorporated by reference (the "**Subject Property**"). Individually, Exhibit "A" refers to the Affordable Units located on the Ramona Property (as defined below) and Exhibit "B" refers to Affordable Units located on the Pomona Property (as defined below).
- B. Pursuant to the DA, LINC agrees to construct and operate the Affordable Units at the Subject Property (the "**Project**");
- C. Pursuant to the DA, LINC agrees to provide the Affordable Units at the Subject Property and covenants to rent the Affordable Units to persons and families qualifying as Very Low Income Households and Low Income Households over a

term of twenty (20) years for the Ramona Property and fifty-five (55) years for the Pomona Property;

- D. This Covenant serves the public purpose of increasing, improving and preserving the community's supply of safe, decent, and sanitary dwelling units within the City that are available at an affordable housing cost to persons or families of very-low and low income;
- E. This Covenant also serves the public purpose of satisfying the inclusionary housing and income targeting requirements contained in City's adopted General Plan, specifically the Housing Element; and
- F. SHA desires to ensure that the Affordable Units are rented, leased, sold and otherwise used in accordance with the affordable housing requirements of the DA and the public purposes recited above, and therefore LINC enters into this Covenant affecting the Subject Property.

## II. DEFINITIONS

- A. **"Adjusted Income"** means the total anticipated annual income of all persons in a household as calculated pursuant to 24 CFR § 92.203.
- B. **"Affordable Rents – HOME Program"** means the maximum amount of out-of-pocket cost that may be paid by Very Low Income Households and Low Income Households. The allowable rents will be determined pursuant to the affordable rent limitations imposed by the HOME Program minus an adjustment for tenant-paid utilities costs that will be based on the allowances published by the Los Angeles County Housing Authority from time to time. The maximum allowable gross HOME Program rents are currently published annually by HUD. In the event that the allowable HOME Program rents cease to be published for a period of at least 18 months, SHA will provide LINC with another rent determination that is reasonably similar with respect to the methods of calculation to those previously published by HUD.
- C. **"Affordable Rents – Pomona Property"** means the maximum out-of-pocket cost that may be charged monthly by LINC, and paid by eligible Very Low Income Households and Low Income Households for an Affordable Unit at the Pomona Property. The affordable rent will be set at the lesser of (i) the applicable Affordable Rents – HOME Program, (ii) the maximum rent as determined pursuant the methodology imposed by Health and Safety Code § 50053 including an adjustment for tenant-paid utilities costs that will be based on the allowances published by the Los Angeles County Housing Authority from time to time, and (iii) the rent being paid by the tenants that are currently residing in the Units. The rent schedule based on currently available information is presented in Exhibit F.
- D. **"Affordable Rents – Ramona Property"** means the applicable Affordable Rents – HOME Program for the six units to be developed on the Ramona Property.

- E. **"Affordable Units"** means all Units which, during the term of this Covenant, are rented or leased, from time to time, as a Very Low Income Unit and/or a Low Income Unit.
- F. **"AMI"** means the median income for Los Angeles County, as annually determined by HCD and published in Section 6932 of Title 25 of the California Code of Regulations or successor law or regulations. For the purposes of this Covenant, AMI is only applied as a part of the calculation methodology for determining the affordable rent allowed under Health and Safety Code § 50053.
- G. **"Assumed Household Size"** means the assumed household size "adjusted for the family size appropriate to the unit" as such term is defined in Health and Safety Code § 50052.5. This definition is utilized in the calculation of the maximum rents allowed under Health and Safety Code § 50053, and is not intended to be a limit on the number of persons occupying an Affordable Unit. The maximum occupancy limits for Affordable Units are based established in the Selection Criteria for Prospective Residents of Affordable Units attached hereto as Exhibit "C." For purposes of calculating the maximum rents allowed under Health and Safety Code § 50053, the Assumed Household Size is set as follows:

<u>Number of Bedrooms</u>	<u>Assumed Household Size</u>
One	2
Two	3
Three	4

- H. **"Director"** means: for SHA, is City's Director of Community and Economic Development, or designee.
- I. **"Gross Income"** means the total anticipated annual income of all persons in a household, as calculated in accordance with 25 California Code of Regulations § 6914 or pursuant to a successor State of California housing program that utilizes a reasonably similar method to establish gross household income.
- J. **"HCD"** means the California Department of Housing and Community Development.
- K. **"HOME Program"** means Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended. Specifically, the HOME Investment Partnership Act codified at 42 USC § 12701, *et seq.*, and the implementing regulations promulgated by HUD set forth at 24 CFR §92, *et seq.*, as such now exist and as may hereafter be amended.

- L. **"Housing Element"** means City's Housing Element.
- M. **"HUD"** means the United States Department of Housing and Urban Development.
- N. **"Income Certification Guidelines"** means the income certification guidelines approved by SHA and LINC attached as Exhibit "D," and incorporated by reference.
- O. **"Institutional Lender"** and **"Lender."** "Institutional Lender" means any bank, savings and loan association, the Federal Home Loan Administration or any other lender which is licensed to engage in the business of providing mortgage financing for residential real property. "Lender" means any person or business entity, including an Institutional Lender, defined herein above, that loans money to LINC, or to which LINC otherwise becomes indebted, and received in consideration for such loan or debt a lien, security interest or other encumbrance security repayment of such loan or debt against the Subject Property.
- P. **"Low Income Household – Pomona Property"** means a household with an Adjusted Income that does not exceed the qualifying limits for very low income households as established and amended from time to time pursuant to Section 8 of the United State Housing Act of 1937, and that does not exceed the Gross Income for a very low income household as that term is defined and used in Health and Safety Code § 50105.
- Q. **"Low Income Household – Ramona Property"** means a household with an Adjusted Income that does not exceed the qualifying limits for very low income households as established and amended from time to time pursuant to Section 8 of the United State Housing Act of 1937.
- R. **"Low Income Unit"** means an Affordable Unit, to be rented or leased to and occupied by a Low Income Household, for which the rent payable by the Low Income Household must not exceed the Affordable Rents, as defined herein, for the corresponding income category.
- S. **"Owner"** means LINC, and any subsequent purchaser, beneficiary, devisee, grantee or holder of fee title of the Subject Property or any portion of the Subject Property, regardless of how such title or interest was acquired.
- T. **"Pomona Property"** means the Affordable Units located at 321, 325, 341 and 371 E. Pomona Boulevard, and 534 N. Chandler Avenue totaling twenty-five Units.
- U. **"Ramona Property"** means the Affordable Units located at 236 S. Ramona Avenue comprising a total of five residential units and one manager's unit.
- V. **"Subject Property"** means the Pomona Property and the Ramona Property.

- W. **"Tenant"** means any renter of an Affordable Unit in the Project on the Subject Property.
- X. **"Term"** means either the twenty (20) year period for the Ramona Property or the fifty-five (55) year period for the Pomona Property during which this Covenant must remain binding and effective as further defined in this Agreement.
- Y. **"Unit"** means a residential apartment unit in the Project on the Subject Property.
- Z. **"Very Low Income Household – Pomona Property"** means a household with an Adjusted Income that does not exceed the qualifying limits for very low income households as established and amended from time to time pursuant to Section 8 of the United State Housing Act of 1937, and that does not exceed the Gross Income for a very low income household as that term is defined and used in Health and Safety Code § 50105.
- AA. **"Very Low Income Household – Ramona Property"** means a household with an Adjusted Income that does not exceed the qualifying limits for very low income households as established and amended from time to time pursuant to Section 8 of the United State Housing Act of 1937.
- BB. **"Very Low Income Unit"** means an Affordable Unit, to be rented or leased to and occupied by a Very Low Income Household, for which the rent payable by the Very Low Income Household must not exceed the Affordable Rent, as defined herein, for the corresponding income category. If a Very Low Income Household has a Section 8 voucher or similar subsidy under a similar or successor program, the Affordable Rents must be the rent allowed by such program.

### III. TERM, AFFORDABLE UNITS & USE

- A. This Covenant must be recorded in the official records of the Recorder for the County of Los Angeles before the close of escrow of the Subject Property. This Covenant becomes effective upon the date of execution and remains binding throughout the Covenant Term.
- B. Owner agrees that for the entire duration of the Term, the Affordable Units must be rented or leased at Affordable Rents to, and occupied by or reserved for, persons and families qualifying as Very Low Income and Low Income according to the terms of this Covenant. After the expiration of the Term, provided Owner is not then in default of this Covenant, Owner may rent all the Units as market rate Units.
- C. Owner agrees that the Units in the Ramona Property must be allocated as follows:

Number of Bedrooms	Very Low Income	Low Income Units	Manager Unit	Total Units
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	Units			
One	1	1	0	2
Two	1	0	1	2
Three	0	2	0	2
Total	2	3	1	6

- D. Owner agrees that the Units in the Pomona Property will initially be subject to the income and affordability restrictions identified in Exhibit "F." The following restrictions apply over the life of the Covenant:
1. When a Tenant that occupied a Unit in the Pomona Project upon the execution of this Covenant vacates the Unit, the Affordable Rent – Pomona Project for the subsequent Tenant will be the lesser of the (i) the applicable Affordable Rents – HOME Program, and (ii) the maximum rent as determined pursuant to the calculation in Health and Safety Code § 50053 including an adjustment for tenant-paid utility costs that will be based on the allowances published by the Los Angeles County Housing Authority from time to time.
  2. When the income of a Tenant that is occupying an Affordable Unit in the Pomona Property increases or decreases such that the Tenant falls into a different income category, then the Affordable Unit occupied by such household must be recategorized as a Very Low Income Unit, Low Income Unit, or a market rate Unit, as applicable. The Owner must then rent the next available Unit, with the same number of bedrooms in the Pomona Property, as a Very Low Income Unit or Low Income Unit as applicable.
- E. This Covenant binds and its benefit inures to the Owner, its heirs, legal representatives, executors, successors in interest and assigns, and to SHA, its successors, designees, or assigns, for the term hereof.
- F. The Subject Property is held and hereafter must be held, conveyed, hypothecated, encumbered, leased, rented, used, and occupied subject to the covenants, conditions, restrictions and limitations of this Covenant. All of the herein-stated covenants, conditions, restrictions and limitations are intended to constitute both equitable servitudes and covenants running with the land.
- G. Any purchaser of or successor in interest, transferee or assignee to the Subject Property or of any portion of or interest in the Subject Property, no matter how that interest is acquired, is deemed to have taken title with knowledge of this Covenant and to have personally covenanted, consented to and accepted the covenants, conditions, restrictions and limitations set forth herein.
- H. Any lessee of the Subject Property or Affordable Unit is subject to the restrictions of this Covenant, by the execution of a rental agreement or lease or by taking possession of any Unit on the Subject Property, whichever occurs first, and must

also be deemed to have knowledge of this Covenant and to have personally covenanted, consented to, and accepted the covenants, conditions, restrictions, and limitations set forth herein.

- I. In order to preserve through this Covenant the affordability of the Subject Property and Project for Very Low Income Households and Low Income Households as set forth in this Covenant, Owner, for itself and all successors in interest, hereby grants and assigns to SHA and its respective successors and assigns, the right to review and enforce compliance with this Covenant.
- J. Owner agrees that the Affordable Units located at the Subject Property must be used exclusively as multi-family residential rental apartments as provided in this Covenant.
- K. Owner agrees that it will, at its sole cost and expense: (i) maintain the appearance and safety of the Subject Property (including all improvements, fixtures, and landscaping) in good order, condition, and repair, and free from the accumulation of trash, waste materials, and other debris; (ii) remove all graffiti placed upon the Subject Property (including all improvements, fixtures, and landscaping) within seventy-two (72) hours of its appearance; (iii) maintain in good order, condition and repair, properly functioning landscape irrigation systems on the Subject Property; and (iv) remove and promptly replace all dead or diseased landscaping material on the Subject Property. In the event of a default of this covenant and of a failure to cure the default within fifteen (15) calendar days (or, where such default cannot reasonably be cured within such period, then failure to commence to cure within such fifteen (15) calendar days or failure after commencing cure to diligently prosecute such cure to completion), after service of a written notice by SHA, SHA or their agents, employees and contractors must have the right to enter upon the Subject Property without further notice and to take such actions as are necessary to cure the default. Owner, for so long as it holds or maintains any interest in the Subject Property, must reimburse SHA for all of such entities' costs that were reasonably incurred by SHA due to Owner's failure to timely cure the default as provided herein above, and that were reasonably related to curing the default or correcting the condition (including without limitation, staff services, administrative costs, legal services, and third party costs), within fifteen (15) calendar days after service of a written payment notice by SHA. If Owner fails to pay within the time provided, such costs must be a lien upon the Subject Property, as provided by Civil Code § 2881. SHA may enforce and foreclose such lien in any manner legally allowed.
- L. Owner agrees that all persons employed by or applying for employment by it, its affiliates, subsidiaries, or holding companies, and all subcontractors, bidders and vendors, are and will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, age, pregnancy, childbirth, or related medical condition, medical condition (cancer related) or physical or mental disability, and in compliance with Title VII of the Civil Rights Act of 1964, 42 U.S.C. §200, *et seq.*, the Federal Equal Pay Act of 1963, 29 U.S.C. § 206(d), the

Age Discrimination in Employment Act of 1967, 29 U.S.C. §621, *et seq.*, the Immigration Discrimination in Employment Act of 1967, 29 U.S.C. §621, *et seq.*, the Immigration Reform and Control Act of 1986, 8 U.S.C. §1324b, *et seq.*, 42 U.S.C. §1981, the California Fair Employment and Housing Act, California Government Code §12900, *et seq.*, the California Equal Pay Law, California Labor Code §1197.5, California Government Code §11135, the Americans with Disabilities Act, 42 U.S.C. §12101, *et seq.*, and all other anti-discrimination laws and regulations for the United States and the State of California as they now exist or may hereafter be amended.

- M. Owner must refrain from restricting the rental, sale, lease, sublease, transfer, use, development, occupancy, tenure, or enjoyment of the Subject Property (or any part thereof) on the basis of race, color, creed, religion, sex, marital status, ancestry, national origin, familial status, physical disability, mental disability, or medical condition (including, without limitation, Acquired Immune Deficiency Syndrome (AIDS), the Human Immune Deficiency Virus (HIV), or condition related thereto), of any person or group of persons, and must comply with the applicable anti-discrimination provisions of the Americans with Disabilities Act (42 U.S.C. §12101, *et seq.*) and the California Fair Employment and Housing Act (Cal. Government Code §12900, *et seq.*) as they exist on the date of this Covenant or as they may thereafter be amended, repealed and reenacted, or otherwise modified. Owner must not establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed.
- N. Any deeds or contracts which are proposed to be, or which are, entered into with respect to the sale, rental, lease, sublease, transfer, use, development, occupancy, tenure, or enjoyment of the Subject Property, including improvements and fixtures, or part thereof, must be subject to, and must expressly contain, nondiscrimination or nonsegregation clauses in substantially the following form:
1. In Deeds. "The grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, that it must comply with the applicable anti-discrimination provisions of the Americans with Disabilities Act (42 U.S.C. §12101, *et seq.*) and the California Fair Employment and Housing Act (Cal. Government Code §12900, *et seq.*), as they currently exist or as they may thereafter be amended, repealed and reenacted, or otherwise modified, and that there must be no discrimination against or segregation of, any person or group or persons on account of race, color, creed, religion, sex, marital status, ancestry, national origin, familial status, physical disability, mental disability, or medical condition (including, without limitation, Acquired Immune Deficiency Syndrome (AIDS), the Human Immune Deficiency Virus (HIV), or condition related thereto) in the rental, sale, lease, sublease, transfer, use, occupancy, tenure of the land herein conveyed, nor must the grantee itself or any person claiming under or through it,

establish or permit any such practice or practices or discrimination or segregation with reference to the selection, location, number, use or occupancy or tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants must run with the land."

2. In Contracts & Leases. "There must be no discrimination against or segregation of, any person or group or persons on account of race, color, creed, religion, sex, marital status, ancestry, national origin, familial status, physical disability, mental disability, or medical condition (including, without limitation, Acquired Immune Deficiency Syndrome (AIDS), the Human Immune Deficiency Virus (HIV), or condition related thereto) in the rental, sale, lease, sublease, transfer, use, occupancy, tenure of the land or premises affected by this instrument, nor must the contracting or subcontracting party or parties, or other transferees under this instrument or any person claiming under or through it, violated the applicable anti-discrimination provisions of the Americans with Disabilities Act (42 U.S.C. §12101, *et seq.*), and the California Fair Employment and Housing Act (Cal. Gov. Code §12900, *et seq.*) as they currently exist or as they may thereafter be amended, repealed and reenacted, or otherwise modified, nor establish or permit any such practice or practices or discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the land. This provision must obligate the contracting and subcontracting party or parties, and other transferees under this instrument or any person claiming under or through it."

- O. Owner must pay before delinquency: (i) all *ad valorem* property taxes imposed on the Subject Property under Article XIII A of the California Constitution; (ii) all special taxes lawfully imposed on the Subject Property; (iii) all special assessments lawfully imposed on the Subject Property; and (iv) all other taxes, assessments, fees, exactions, or charges any portion of which are allocated to, or received by, SHA which are lawfully imposed due to the ownership, use, or possession of the Subject Property or interest therein or due to the construction or operation of the Project. Upon the occurrence of any such delinquency, Owner must remove any resulting lien, levy, or encumbrance made on the Subject Property within forty-five (45) days of the attachment of such.
- P. Owner covenants that it must operate and maintain the Project in conformity with City's ordinances, and adopted policies, and all applicable state and federal laws and regulations including all applicable labor standards, disabled and handicapped access requirements, including, without limitation, the Americans with Disabilities Act (42 U.S.C. §12101, *et seq.*) and the Unruh Civil Rights Act (California Civil Code §51, *et seq.*). This Covenant, nor any part hereof, must not be amended, modified, or otherwise changed without the prior express written consent of SHA.

- Q. SHA agrees that the affordable housing DA for Very Low Income Households and Low Income Households for the Project are met by implementation of this Covenant.

#### **IV. QUALIFYING TENANTS FOR AFFORDABLE UNITS**

- A. The Affordable Units must be rented or leased to and occupied, or reserved for occupancy, by certified Very Low Households and Low Income Households, as set forth herein. Owner must rent Affordable Units only to households that are certified by Owner to be qualified Tenants. To be a qualified Tenant of an Affordable Unit, the applicant must be income certified and must satisfy the property manager's standard tenant selection criteria attached as Exhibit "C," as may be amended from time to time upon the mutual agreement of the Owner and SHA.
- B. Owner, Owner's SHA-approved property manager or other SHA-approved representative must certify the eligibility of potential Tenants for the Affordable Units and, every twenty-four (24) months, must recertify the income of the Very Low Households and Low Income Households renting Affordable Units. In carrying out such income certifications, Owner must follow the Income Certification Guidelines attached hereto and incorporated herein by reference as Exhibit "A," as may be amended from time to time by the parties in writing upon the mutual agreement of the parties. Very Low Income Households using Section 8 vouchers must be certified by the appropriate government authority in accordance with their requirements.
- C. Owner agrees that all Tenant income certification, eligibility determination, selection, and rental, together with administration of the Marketing Plan, must be conducted without discrimination of any person or class of persons on the basis of race, color, religion, national origin, gender, age, familial status, or handicap and must be administered in compliance with California and federal anti-discrimination laws.
- D. Owner agrees to ensure that Owner's property manager, representative, leasing agents and similar persons responsible for or engaged in managing the Project and/or renting or leasing Units within the Project will receive appropriate training in, and become proficient with, the affordability requirements of this Covenant, the Income Certification Guidelines, and the required methods of Tenant income certification, eligibility determination, selection, and rental as provided for under this Covenant.
- E. Owner agrees that each Affordable Unit within the Subject Property must be initially leased in compliance with an approved Marketing Plan, which provides that if there is an excess number of qualified prospective Tenants for any category of Affordable Units over the number of Affordable Units in that category, then the priority among such qualified prospective Tenants must be based on the date of their qualification (including completion of income certification). After the initial

leasing, then Owner and/or the designated property manager must maintain a waiting list of qualified prospective Tenants for each category of Affordable Units, with priority among such qualified prospective Tenants to be based on the date of their qualification (including completion of income certification) and their timely response to a telephonic notice of the availability of an Affordable Unit (agreeing to begin leasing such Affordable Unit when it will be vacated).

- F. Application screening fees (which include initial income certification fees) and periodic income recertification fees to potential Tenants are not fees or charges that constitute rent. Application screening fees charged by Owner or its management company to each potential Tenant must not exceed the amount authorized by Civil Code § 1950.6. If Civil Code § 1950.6 is repealed, then application screening fees charged by Owner or its management company to each potential Tenant cannot exceed the amount authorized by any successor statute to Civil Code § 1950.6 or other applicable statute regulating application screening fees. If Civil Code § 1950.6 is repealed and there is no successor or similar California statute regulating application screening fees, then Owner must comply with the terms of Civil Code § 1950.6 as in effect at the time this Covenant is signed. Owner must not charge an income recertification fee higher than the amount charged by SHA to carry out such services. (If SHA does not carry out such services, then the Owner must not charge an income recertification fee higher than the amount charged by the County to carry out such services.)
- G. In the event that recertification of a Tenant occupying an Affordable Unit establishes that the income of the Tenant has increased or decreased since the prior certification such that the Tenant falls into a different income category, then the Affordable Unit occupied by such Tenant must be recategorized as a Very Low Income Unit, Low Income Unit depending on the recertified income of the household occupying it. In addition:
  - 1. Owner must rent the next available Unit with the same number of bedrooms in the Ramona Property or the Pomona Property, as applicable, as a Very Low Income Unit or Low Income Unit as applicable; and
  - 2. When, upon recertification of income of a Tenant occupying an Affordable Unit, the household income changes categories, then the rent charged to the Tenant for such Affordable Unit must be adjusted (increased or decreased) to the rent applicable for such category of Affordable Unit.

## **V. RENT AND LEASE RESTRICTIONS FOR THE AFFORDABLE UNITS**

- A. Total rent for each Very Low Income Unit and Low Income Unit, inclusive of all fees and charges, paid by a Tenant cannot exceed the Affordable Rent allowable for such category of Affordable Unit under this Covenant. However, nothing in this Covenant restricts the Owner from receiving Fair Market Rents under the Section 8 or any successor program for a Very Low Income Unit which is rented

to a household which is qualified as a Very Low Income Household. The Affordable Rents applicable to each income category may be revised and adjusted annually concurrently with HCD's posting of the AMI (generally in late March or early April) or as soon thereafter as is practicable or existing non-expired leases considering the anticipated expiration of each individual lease term.

- B. Any dispute pertaining to the recertification process between the Owner and a Tenant must be submitted to mediation before a SHA-approved mediation service upon the request of either the Owner or Tenant, provided that a Tenant may request mediation only if said Tenant (i) is current in paying rent, or (ii) has deposited any disputed rent into an escrow account if and as permitted by then-existing law. If SHA has not approved mediation services for these purposes, then the Owner and Tenant must use a mediation service approved by the County of Los Angeles.
- C. Owner cannot lease any of the Affordable Units until after submitting its proposed lease form to the Director. The Director must review the proposed lease for compliance with this Covenant, and approval must not be unreasonably withheld or delayed. If no action to approve or disapprove a proposed lease form has been taken by the Director within 30 days of submittal of the proposed lease form, then the proposed lease form must be deemed approved so long as it complies with the following provisions.
  - 1. The initial term of the lease cannot be for less than one year, unless by mutual agreement between the Tenant and the Owner. After such initial term, the lease may become a month-to-month tenancy or such other longer term as the Tenant and the Owner may agree upon, provided that there must not be a rent increase more than once within any twelve month period.
  - 2. The lease for an Affordable Unit cannot contain any of the following provisions:
    - a. An agreement by the Tenant to be sued, to admit guilt, or to a judgment in favor of the Owner in a lawsuit brought in connection with the lease;
    - b. An agreement by the Tenant that Owner may take, hold, or sell personal property of household members without notice to the Tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the Tenant concerning disposition of personal property remaining in the Unit after the Tenant has moved out of the Unit. In such a case, Owner may dispose of this personal property in accordance with State law;

- c. An agreement by the Tenant not to hold Owner or Owner's agent legally responsible for any action or failure to act, whether intentional or negligent;
  - d. An agreement of the Tenant that Owner may institute a lawsuit concerning Tenants' occupancy of the Subject Property without notice to Tenant;
  - e. An agreement by the Tenant that Owner may evict the Tenant or household members without instituting a civil court proceeding in which the Tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;
  - f. An agreement by the Tenant to waive any right to trial by jury;
  - g. An agreement by the Tenant to waive the Tenant's right to appeal, or otherwise challenge in court, a court decision in connection with the lease; or
  - h. An agreement by the Tenant to pay attorney's fees or other legal costs of Owner even if the Tenant wins in a court proceeding by Owner against the Tenant. The Tenant, however, may be obligated to pay costs (including reasonable attorney's fees of Owner) if the Tenant loses.
- 3. The lease for an Affordable Unit must include a provision that the tenancy of the household must be immediately terminated upon discovery that one or more of the household's members misrepresented any material fact regarding the household's qualification as a qualifying Very Low Income Household or Low Income Household.
  - 4. Owner must include in leases for all Affordable Units provisions for recertification of income every twenty-four (24) months and for termination of the tenancy of the household or conversion to market rate rental in the event of a Tenant's repeated refusal to cooperate in the recertification process.
  - 5. The lease must provide that if recertification of a Tenant occupying an Affordable Unit indicates that the income of the household has increased since the last income certification and exceeds the maximum income for a Very Low Income Household and Low Income Household then within one (1) year of such certification, the Owner may (i) terminate said Tenant's lease, (2) treat the unit as falling into another Affordable Rent category (with the appropriate rent adjustment), or (iii) increase the rent to market rent as soon as the next available Unit in the Ramona Property or the Pomona Property, as applicable, has been rented as an Affordable Unit. However, in the event said household's income exceeds the maximum



income for a Very Low or Low Income Household, as applicable, by more than 40%, then the one (1) year period must be reduced to ninety (90) days.

- D. Owner cannot terminate the tenancy or refuse to renew the lease for an Affordable Unit except for failure to pay rent or for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State or local law; for failure to occupy the Affordable Unit as the Tenant's primary residence; or for other good cause, including grounds described herein. To terminate or refuse to renew tenancy, Owner must serve written notice upon the Tenant specifying the grounds for the action before the termination of tenancy.
- E. In addition to executing a lease for an Affordable Unit, the Owner must require that each Tenant leasing an Affordable Unit execute a declaration of intent to occupy which must require the household to occupy the Affordable Unit as the household's primary residence. A failure of Owner to obtain such a declaration must constitute a material violation of this Covenant.
- F. The Owner cannot discriminate or segregate in the use, enjoyment, occupancy, conveyance, lease, sublease, or rental of the Affordable Units on the basis of race, color, ancestry, national origin, religion, sex, sexual preference, age, marital status, family status, source of income, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or any other arbitrary basis.

## **VI. MANAGEMENT**

- A. The Owner is responsible for all management functions with respect to the Subject Property including, without limitation, the selection of Tenants, certification of household size and income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. Such management functions must be performed by, or on behalf of, Owner by an experienced, professional management company or organization which must be approved by the Director. SHA has no responsibility over management of the Subject Property. The Owner must submit to SHA for its approval its proposed property manager. The Owner may only remove and/or replace the property manager with the prior written consent of SHA, which must not be unreasonably withheld or delayed.
- B. Owner must submit its written management policies with respect to the Subject Property to the Director for review and approval, which approval must not be unreasonably withheld or delayed. If no action to approve or disapprove such management policies has been taken by the Director within thirty (30) days of submittal, then the proposed management policies must be deemed approved so long as they do not violate this Covenant. The Director may subsequently review such policies and Owner must amend such policies in any way necessary to insure that such policies comply with the provisions of this Covenant.

- C. Owner must maintain records which clearly document the Owner's performance of its obligations to operate the Subject Property under the terms of this Covenant. The Owner must submit any records relating to its performance under this Covenant to the Director within ten (10) business days of SHA's request. The Owner must permit SHA or its designee to enter and inspect the Subject Property for compliance with obligations under this Covenant, as follows: (i) general site visits (i.e., all common areas of the Project) upon twenty-four (24) hours advance notice by SHA to Owner or Owner's management agent, and (ii) file review in the Project office and/or inspection of an occupied Unit upon forty-eight (48) hours advance notice of such visit by SHA to Owner or Owner's management agent and to the Tenants of such occupied Unit.
- D. During the term of this Covenant:
  - 1. Owner must submit to the Director not later than March 31st of each year a report for the preceding period of January 1 through December 31 which lists all Units in the Project and identifies those Units which are Affordable Units, the Affordable Unit rents, the name(s) of the Tenant(s) occupying such Affordable Units and such Tenants' family size and income at the time of the last income certification of such Tenant; and
  - 2. Owner must submit to the Director any other information or completed forms requested by SHA which are needed by SHA to comply with any State or Federal reporting requirements of SHA, within thirty (30) days after receipt of a written request from SHA.

## **VII. ASSIGNMENTS AND TRANSFER OF SUBJECT PROPERTY/PROJECT**

- A. At least ten (10) business days before any conveyance of the Subject Property, an assumption agreement must be recorded concurrently with close of escrow or recordation of a deed transferring ownership. The purchaser(s) must record the assumption agreement and must deliver to the Director a copy of the recorded assumption agreement not later than ten (10) business days after its recordation.

## **VIII. ENFORCEMENT**

- A. Upon any violation of the provisions of this Covenant or if false or misleading statements are made by Owner or the management company in any documents submitted to SHA, SHA must give written notice of such violation to Owner and management company, which must have a reasonable period of time to correct the deficiency (not less than thirty (30) days), or in the event that such deficiency cannot be cured within thirty (30) days, then Owner must commence to cure within such time and must diligently prosecute the cure to completion thereafter.
- B. If, after a reasonable opportunity to cure any deficiency, Owner and management company have not done so, then SHA may apply to a court of competent

jurisdiction for and pursue any of the remedies provided for the enforcement of this Covenant.

- C. It is agreed that the affordable housing provided for under this Covenant serves a public purpose and is of a special and unique kind and character and that the rights granted to SHA hereunder are of a similar special and unique kind and character so that if there is a default by the Owner, SHA would not have an adequate remedy at law. It is expressly agreed, therefore, that SHA's rights under this Covenant may be enforced by an action for specific performance and such other equitable relief, including an injunction for actions in violation of this Covenant, as is provided by the laws of the State of California.
- D. Owner understands one of SHA's objectives in requiring this Covenant is to ensure that twenty-five (25) Units are rented or held out for rent at rental rates affordable to Very Low Income Households and Low Income Households qualified for occupancy under this Covenant for a period of fifty-five (55) years and five (5) units are held out for rent at rental rates affordable to Very Low Income Households and Low Income Households for a period of twenty (20) year. Should Owner lease or any Tenant occupy an Affordable Unit in violation of the requirements set forth herein, then the public interest would be prejudiced and SHA would thereby be damaged. The parties agree that it is impracticable and extremely difficult to fix the extent of actual damages to SHA from such a breach. However, the parties have made reasonable efforts to establish fairly the amount of compensation and agree that a fair and reasonable amount owing to SHA for a breach by the Owner as liquidated damages would be as follows:
  - 1. If an Affordable Unit at the Subject Property is rented or leased for an amount in excess of the Affordable Rent permitted under this Covenant, Owner is liable to SHA for damages in an amount equal to three times the difference between the actual monthly rent and the allowable Affordable Rent for each month that the Affordable Unit has been rented in violation of this Covenant.
  - 2. If a Tenant's household income as demonstrated by documents provided to the Owner or property manager by the Tenant, as required herein, does not qualify for renting or leasing an Affordable Unit as required by this Covenant, then after the time limits in this Covenant, the Owner will be assessed liquidated damages in the amount of three times the difference between the Tenant's gross monthly household income and one twelfth (1/12) of SHA's maximum household income level allowable to rent or lease the Affordable Unit in effect at the time such Unit is rented or leased, for each month the Affordable Unit has been rented in violation of this Covenant.
- E. The remedies stated herein are not exclusive, but are cumulative to all other remedies and rights the parties may lawfully exercise.

- F. In the event that any legal, equitable, or administrative action is commenced to interpret or to enforce the terms of this Covenant, the prevailing party in any such action is entitled to recover all reasonable attorney's fees and costs incurred in such action.

## **IX. FORECLOSURE OR BEQUEST**

- A. Owner agrees that, given the public purpose served by this Covenant, the terms and conditions of this Covenant are and must be superior and have priority over the liens, rights, duties and obligations created by a deed of trust recorded in favor of an Institutional Lender, and any other holder of a security interest.
- B. The provisions of this Covenant must not impair the rights of a Lender which is the maker of a loan secured by a deed of trust recorded against the Subject Property, or such Lender's assignee or successor in interest, to:
1. Foreclose or take title to the Subject Property pursuant to the remedies in the deed of trust; or
  2. Accept a deed or assignment in lieu of foreclosure in the event of default by a trustor; or
  3. Sell or lease the Subject Property to any person at any price, subsequent to exercising its rights under the deed of trust.

Provided, however, that such Lender or subsequent purchaser or transferee of must continue to comply with the Covenants and that none of the foregoing actions (including, without limitation foreclosures) must act to extinguish or otherwise impair the legal effect of the Covenants on the Subject Property.

- C. Any Lender is bound by such provisions of this Covenant as related to use and rental of the Affordable Units, use, maintenance, and transfer of the Project and Subject Property, non-discrimination and non-segregation, and non-speculation. No Lender must be permitted to devote the Subject Property to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Covenant.
- D. The Owner may request that SHA provide an estoppel certificate to any current or proposed Institutional Lender certifying that there are no outstanding notices of violation of applicable zoning and building laws, ordinances, rules and regulations affecting the Project. Concurrently with such a request for an estoppel certificate, Owner must deposit One Thousand Dollars and No Cents (\$1,000.00) with the Director to cover SHA costs in providing such an estoppel certificate. Within twenty-one (21) days of such a request by Owner accompanied by a deposit of One Thousand Dollars and No Cents (\$1,000.00), SHA must supply the above-referenced estoppel certificate, provided that there are no outstanding notices from SHA to Owner to correct any deficiency. If SHA's reasonable costs in providing an estoppel certificate are less than One Thousand Dollars and No

Cents (\$1,000.00), then the balance of the deposit must be refunded to Owner. If SHA's reasonable costs in providing an estoppel certificate exceed One Thousand Dollars and No Cents (\$1,000.00), then Owner must pay such amount in excess of One Thousand Dollars and No Cents (\$1,000.00) to SHA within thirty (30) days of a billing therefore by SHA.

- E. This Covenant runs with the Subject Property. In the event of a transfer of the Subject Property by operation of law such as by devise, bequest, or foreclosure on any financing (except financing by an Institutional Lender which is exempt under this Covenant), the transferee or the estate of the decedent must be bound by the provisions of this Covenant.
- F. Owner covenants to cause to be filed for record in the office of the County Recorder of Los Angeles County a request for any copy of any notice of default and any notice of sale under any deed of trust or mortgage with power of sale encumbering the Subject Property, pursuant to Section 2924 (b) of the Civil Code of the State of California. The request must specify that any notice must be mailed to SHA at its address for notice hereunder.
- G. In the event the Owner of the Subject Property reacquires the Subject Property at any time subsequent to a foreclosure, a deed in lieu of foreclosure or a trustee's sale of that owner's interest in the property, the doctrine of after-acquired title must apply, and the Subject Property must be subject to all of the terms, conditions, restrictions and limitations of this Covenant.

#### **X. ADDITIONAL PROVISIONS**

- A. SHA may assign its respective rights and delegate its respective duties hereunder without the consent of Owner.
- B. The Owner and SHA covenant that they have not and will not execute any other agreement or covenant with respect to the Subject Property which contains provisions contradictory to or in opposition to the provisions hereof and that in any event this Covenant is controlling as to the rights and obligations between the Owner and SHA and their respective successors.
- C. If any one or more of the provisions contained in this Covenant must for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions must be deemed severable from the remaining provisions contained in this Covenant, and this Covenant be construed as if such invalid, illegal or unenforceable provision had never been contained herein.
- D. The terms of this Covenant must be interpreted under the laws of the State of California. Except as expressly provided in this Covenant and only to the extent consistent with this Covenant, the terms and provisions of this Covenant must be interpreted in a manner that is consistent with City's Housing Element, and/or the Income Certification Guidelines (collectively "**Housing Regulations**") as they

may exist from time to time. In the event of a conflict between any provision of this Covenant and any provision of the Housing Regulations as they may exist from time to time, then the provision of this Covenant must govern such matter.

- E. Formal notices, demands and communications between the parties must be given in writing and personally served or dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the parties, as designated in this Section, or telefaxed to the telefax number listed below followed by dispatch as above described. Such written notices, demands, and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section. Any such notice must be deemed to have been received upon the date personal service is effected, if given by personal service, or upon the expiration of two (2) business days after mailing, if given by certified mail, return receipt requested, postage prepaid.

Notice to be made to SHA:

City Clerk  
City of Monterey Park  
320 W. Newmark  
Monterey Park, CA 91754

If notice is to be made to Owner :

IN WITNESS WHEREOF, the parties have entered into this Covenant on the date appearing below.

**SUCCESSOR HOUSING AGENCY:**

Date: \_\_\_\_\_

**ATTEST:**

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City Clerk

**APPROVED AS TO FORM:**

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City Attorney

### **Exhibits**

- A Legal Description of Ramona Property
- B Legal Description of Pomona Property
- C Selection Criteria for Prospective Residents
- D Marketing Plan for Initial Rentals of Affordable Units
- E Income Certification Guidelines
- F Affordable Unit Distribution and 2014 Affordable Rents – Pomona Property



**EXHIBIT "A"**

**LEGAL DESCRIPTION OF RAMONA PROPERTY**

**EXHIBIT "B"**

**LEGAL DESCRIPTION OF PAMONA PROPERTY**

## **EXHIBIT "C"**

### **SELECTION CRITERIA FOR PROSPECTIVE RESIDENTS OF AFFORDABLE UNITS**

This Criteria may be amended from time to time in writing upon the mutual agreement of Owner and City.

#### **Applications - Fair Housing Practices**

It is the Owner's policy not to discriminate in the leasing and/or management of any property on the basis of race, creed, color, national origin, ancestry, marital status, sex, age or family status. Our rules for showing vacancies, qualifying Applicants, and managing the properties apply equally to all persons with respect to income, number of occupants and financial status.

#### **Applications – Importance**

The Rental Application is very important to you, the Business Manager. The selection of residents is based upon a careful review and confirmation of the information supplied by the Applicant with respect to past rental history, employment, financial references and the like. A careful and thorough screening of all Applicants is vital to the successful operation and management of any given property on a long-term basis.

After each Applicant over 18 years of age has fully completed and signed the Application, review the application to make certain the information on the application meets the following criteria before verifying income, employment and landlord references and credit, etc. Applications not signed in the site management office must be notarized:

1. AGE. Primary Applicant(s) must be over 18 years old.
2. INCOME.

Individual Applicant: Rent should not exceed forty percent (40%) of gross income for Affordable Units.

Married Applicant: If only one person is employed, rent should not exceed forty percent (40%) of gross income for Affordable Units. By law, you must include the full gross income of an Applicant's employed spouse. Rent should not exceed forty percent (40%) of the combined gross income of both husband and wife for Affordable Units at the Subject Properties.

Two or more adults: Each Applicant must qualify for all other criteria separately; however, the rent should not exceed forty percent (40%) of the combined gross income for Affordable Units.

**Applicant must provide proof of income before move-in.**

3. **OCCUPANCY STANDARDS.** We restrict the number of occupants of any apartment unit. The Business Manager must make sure that each Application meets the following standards for the type of unit desired. There are no distinctions made on the basis of the age or marital status of the occupants regarding these criteria - each person is counted equally and there are no exceptions to the maximum number of occupants per type of unit.

Applicants who have joint custody of children who visit on a regular basis must count those children as occupants in determining if they meet the occupancy limit before the approval of the application.

TYPE OF APARTMENT	MAXIMUM NUMBER OF OCCUPANTS
One bedroom	3
Two bedrooms	5
Three bedroom	7

If the Applicant has met the above criteria, then the Business Manager should complete the verification of the application by submitting the information to Credit Retriever for determination of acceptance level.

4. **EMPLOYMENT.** If the Applicant is self-employed, you will need to see copies of the two most recent tax returns (IRS form 1040). Those applicants showing pay stubs for the most recent two month period for proof of income, are in essence proving employment as well, therefore no further inquiry is needed. If you have any doubt of the validity of the employment (you might think it is just a set-up or a friend of the Applicant), call the company and ask for the Personnel Department, get the name and title of the person you spoke to, and proceed to request type of job, salary, and prospects for continued employment. You may reject the Applicant if there are no satisfactory answers. If an employer refuses to give you information on the phone, you must contact the Applicant(s) and ask the Applicant to have the employer mail you written confirmation of the length and type of employment. Tell the Applicant the application will receive no further consideration until that information is received.
5. **CREDIT CHECK - FINANCIAL.** Checking and savings account numbers and bank branches must be listed on application.

The Business Manager and Assistant Manager's use of a credit-reporting bureau always includes a written copy for our file. An applicant, who requests a copy of this report, by law, will be given a copy. The Manager will inform the Applicant to contact the credit-reporting bureau issuing the report concerning any

information on the report.

Credit reports may only be run for the applicant who has submitted the appropriate signed application, signed consent form, and application fee. Any other credit reports must have prior approval from the Residential Portfolio Manager.

Credit checks through Credit Retriever, can only be run by the Manager, Assistant Manager or Leasing Agent as authorized by the Manager and as set up as an authorized user by Credit Retriever.

Credit Retriever will respond with one of five possible answers:

Accept, indicates no late payments, no collections, no delinquencies, trade lines are not excessive, income to rent meets all standards, revolving debt to limit ratios are in line.

Low Accept, indicates all of the above with possibility of a few late payments. Increase deposit by fifty percent (50%) and round up to the nearest dollar.

Conditional, indicates possibly some late payments and/or collections, excessive tradelines, number of inquiries outside of the established guidelines, elevated revolving debt to limit ratio. Increase deposit by one month's rent.

Refer, needs Residential Portfolio Manager to review as there is little or no credit history available. Need to obtain past rental history verification and proof of income verification.

Reject, does not meet our criteria. Applicant not accepted.

Copies of all credit reports must be sent to the Residential Properties Assistant weekly with the Weekly Trans-Union Report form #125. All credit report copies must show if they are approved or denied. If the prospective resident has been approved with a credit exception, the credit report must show authorization from the Manager. If the prospective resident meets the credit standards and is denied, an explanation must be written on the credit report (e.g., rental history, income).

Failure to abide by this policy must be subject to disciplinary action, which may include termination.

You have now finished the necessary steps to determine whether an Applicant is qualified to be part of your community. You have checked all required references, asked for clarification to any particular problem areas or discrepancies that might have shown up, and been as careful and attentive to detail as possible. Bear in mind that occasional errors in judgment do happen. The best way to control that is to keep a close eye on each resident's payment history and adherence to all Rules and Regulations without exception - and to take PROMPT action if something starts to go wrong.

If the Applicant does not meet the criteria, the Applicant is to be told and sent a denial letter. All denied applications must be kept in the file marked: "Rental Applications - Not Accepted" for 6 months and then sent to the corporate office. If the Applicant does meet all the criteria, the Applicant will either be placed on a waiting list or, if there is no other Applicant ahead of this Applicant, the Applicant may rent the available unit. Once the application is approved, notify the Applicant immediately.

## EXHIBIT "D"

### MARKETING PLAN FOR INITIAL RENTALS OF AFFORDABLE UNITS

- A. The Covenant must be recorded and binds the Owner to this "Marketing Plan". If the Owner determines that changes may be necessary in this Plan after the Covenant has been recorded, the Owner must provide thirty (30) days advance written notice to the Director regarding these changes and must receive approval of the revised Marketing Plan from the Director. If no objection to the changes are received by Owner within thirty (30) days of submission, they must be deemed approved.
- B. Owner will advertise the Project in at least one newspaper of general circulation in Los Angeles County, of Los Angeles County. Each newspaper advertisement must include the official "Equal Housing Opportunity" logo.
- C. Advertising must conform to the requirements of the Fair Housing Act. The location, office hours and telephone number to contact in order to obtain additional information regarding income requirements must also be provided in the advertising.
- D. Owner's Marketing Plan for the Project:
  1. Local advertisements must target for initial occupancy:
    - ❖ Families currently residing in Los Angeles County
    - ❖ Families whose family members are currently employed in Los Angeles County, even if residing outside of Los Angeles County
  2. Owner must run at least one advertisement in the real estate section of the *Los Angeles Times*, which circulates in the area of this Project, at least one time per week for six weeks. At a minimum, the *Los Angeles Times* advertisement must be placed in the Sunday edition of the newspaper.
  3. At a minimum, the Owner must provide a notice of availability of the units to community groups, the Los Angeles County Housing Authority and housing advocacy groups. The City will furnish names and addresses of the organizations to receive notice. The notice must be provided concurrent with commencement of the advertisements described above.

Community outreach must include, but not be limited to:

- ❖ Provision of information to the City's information distribution list.
- ❖ Provision of information to Los Angeles County Housing Authority.
- ❖ Local employers.

❖ Local churches.

4. During the time period of initial lease-up, Owner will have a phone number identified where inquiries concerning these units can be made. A phone-recording device will be included on the phone when it is not being directly answered.
  5. During the time period of initial lease-up, an "**Information Sheet**" will be available to prospective renters of these units, identifying the rents, level of affordability for the units, qualifying income levels, an explanation of the income certification process, applicable floor plans, a site plan and other information as appropriate. This package must be subject to the review and approval by the City's Planning and Environmental Services Department.
- E. All Tenants must meet standard qualifications, including without limitation income, credit and landlord references.



**EXHIBIT E**  
**INCOME CERTIFICATION GUIDELINES**

Attached are the Tenant Income Certification form and the instructions for completing the Tenant Income Certification. **These documents are subject to the following:**

**These forms are subject to the following: The initial certification and subsequent biennial recertification process will parallel IRS Section 42 requirements except when in conflict with the Covenant or as amended pursuant to the Covenant, the Covenant supersedes. The forms also contained herein are used in and summarize said process.**

**TENANT INCOME CERTIFICATION**
☐ Initial Certification
 ☐ Recertification
 ☐ Other \_\_\_\_\_

 Effective Date: \_\_\_\_\_  
 Move-in Date: \_\_\_\_\_  
 (MM/DD/YYYY)
**PART I - DEVELOPMENT DATA**
 Property Name: \_\_\_\_\_ County: \_\_\_\_\_ BIN #: \_\_\_\_\_  
 Address: \_\_\_\_\_ Unit Number: \_\_\_\_\_ # Bedrooms: \_\_\_\_\_
**PART II. HOUSEHOLD COMPOSITION**

HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/I Student (Y or N)	Social Security or Alien Reg. No.
1			HEAD			
2						
3						
4						
5						
6						
7						

**PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)**

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$ _____	\$ _____	\$ _____	\$ _____
Add totals from (A) through (D), above				TOTAL INCOME (E): \$ _____

**PART IV. INCOME FROM ASSETS**

Hshld Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS:			\$ _____	\$ _____
Enter Column (H) Total		Passbook Rate		
If over \$5000		\$ _____ X 2.00%	= (J) Imputed Income	\$ _____
Enter the greater of the total of column I, or J: imputed income				TOTAL INCOME FROM ASSETS (K) \$ _____
(L) Total Annual Household Income from all Sources [Add (E) + (K)]				\$ _____

**HOUSEHOLD CERTIFICATION & SIGNATURES**

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

\_\_\_\_\_  
Signature\_\_\_\_\_  
(Date)\_\_\_\_\_  
Signature\_\_\_\_\_  
(Date)\_\_\_\_\_  
Signature\_\_\_\_\_  
(Date)\_\_\_\_\_  
Signature\_\_\_\_\_  
(Date)

**PART V. DETERMINATION OF INCOME ELIGIBILITY**

TOTAL ANNUAL HOUSEHOLD INCOME  
FROM ALL SOURCES:  
From item (L) on page 1

\$

Current Income Limit per Family Size: \$

Household Income at Move-in: \$

Household Size at Move-in: \_\_\_\_\_

**PART VI. RENT**

Tenant Paid Rent  
Utility Allowance

\$

\$

Rent Assistance:

\$

Other non-optional charges:

\$

GROSS RENT FOR UNIT:  
(Tenant paid rent plus Utility Allowance &  
other non-optional charges)

\$

Unit Meets Rent Restriction at:

☐ 120% ☐ 80% ☐ 50%

Maximum Rent Limit for this unit: \$

**PART VII. STUDENT STATUS**

ARE ALL OCCUPANTS FULL TIME STUDENTS?

☐ yes ☐ no

If yes, Enter student explanation\*  
(also attach documentation)

Enter  
1-4

\*Student Explanation:

- 1 TANF assistance
- 2 Job Training Program
- 3 Single parent/dependent child
- 4 Married/joint return

**PART VIII. PROGRAM TYPE**

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit ☐

See Part V above.

b. HOME ☐

Income Status

- ☐ ≤ 50% AMGI  
☐ ≤ 60% AMGI  
☐ ≤ 80% AMGI  
☐ OI\*\*

c. Tax Exempt ☐

Income Status

- ☐ 50% AMGI  
☐ 60% AMGI  
☐ 80% AMGI  
☐ OI\*\*

d. Cal. Red. Law ☐

Income Status

- ☐ ≤ 50% AMGI  
☐ ≤ 80% AMGI  
☐ ≤ 120% AMGI

e. \_\_\_\_\_ ☐  
(Name of Program)

Income Status

- ☐ \_\_\_\_\_  
☐ \_\_\_\_\_  
☐ OI\*\*

\*\* Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

**SIGNATURE OF OWNER/REPRESENTATIVE**

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

SIGNATURE OF OWNER/REPRESENTATIVE

DATE

## INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

*This form is to be completed by the owner or an authorized representative.*

### Part I - Development Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

Move-in Date	Enter the date the tenant has or will take occupancy of the unit.
Effective Date	Enter the effective date of the certification. For move-in, this should be the move-in date. For annual recertification, this effective date should be no later than one year from the effective date of the previous (re)certification.
Property Name	Enter the name of the development.
County	Enter the county (or equivalent) in which the building is located.
BJN #	Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609).
Address	Enter the address of the building.
Unit Number	Enter the unit number.
# Bedrooms	Enter the number of bedrooms in the unit.

### Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following coded definitions:

H	-	Head of Household	S	-	Spouse
A	-	Adult co-tenant	O	-	Other family member
C	-	Child	F	-	Foster child(ren)/adult(s)
L	-	Live-in caretaker	N	-	None of the above

Enter the date of birth, student status, and social security number or alien registration number for each occupant.

*If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.*

### Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List the respective household member number from Part II.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income

regularly received by the household.

Row (E) Add the totals from columns (A) through (D), above. Enter this amount.

#### Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
TOTALS	Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

Row (K) Enter the greater of the total in Column (I) or (J)

Row (L) Total Annual Household Income From all Sources Add (E) and (K) and enter the total

#### HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days before the effective date of the certification.

#### Part V – Determination of Income Eligibility

Total Annual Household Income from all Sources	Enter the number from item (L).
Current Income Limit per Family Size	Enter the Current Move-in Income Limit for the household size.
Household income at move-in Household size at move-in	For recertifications, only. Enter the household income from the move-in certification. On the adjacent line, enter the number of household members from the move-in certification.
Household Meets Income Restriction	Check the appropriate box for the income restriction that the household meets according to what is required by the set-aside(s) for the project.

## Part VI - Rent

Tenant Paid Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Rent Assistance	Enter the amount of rent assistance, if any.
Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other non-optional charges	Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges.
Maximum Rent Limit for this unit	Enter the maximum allowable gross rent for the unit. (Per City Schedule)
Unit Meets Rent Restriction at	Check the appropriate rent restriction that the unit meets according to what is required by the set-aside(s) for the project.

## Part VII - Student Status

If all household members are full time\* students, check "yes". If at least one household member is not a full time student, check "no".

If "yes" is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

*\*Full time is determined by the school the student attends.*

## Part VIII - Program Type

Mark the program(s) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

Tax Credit	See Part V above.
HOME	If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household's designation.
Tax Exempt	If the property participates in the Tax Exempt Bond program, mark the appropriate box indicating the household's designation.
AHDP	If the property participates in the Affordable Housing Disposition Program (AHDP), and this household's unit will count towards the set-aside requirements, mark the appropriate box indicating the household's designation.
Other	If the property participates in any other affordable housing program, complete the information as appropriate.

## SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner's representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

*These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.*

# TENANT INCOME CERTIFICATION QUESTIONNAIRE

NAME: \_\_\_\_\_

TELEPHONE NUMBER: \_\_\_\_\_

☐ Initial Certification

BIN # \_\_\_\_\_

☐ Re-certification

Unit # \_\_\_\_\_

☐ Other

## INCOME INFORMATION

YES NO

## MONTHLY GROSS INCOME

<input type="checkbox"/>	<input type="checkbox"/>	I/we am self employed. (List nature of self employment) _____	(use <u>net</u> income from business) \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we have a job and receive wages, salary, overtime pay, commissions, fees, tips, bonuses, and/or other compensation. List the businesses and/or companies that pay you:  Name of Employer 1) _____ 2) _____ 3) _____	\$ _____ \$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive cash contributions of gifts including rent or utility payments, on an ongoing basis from persons not living with me.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive unemployment benefits.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive Veteran's Administration, GI Bill, or National Guard/Military benefits/income.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive periodic social security payments.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	The household receives <u>unearned</u> income from family members age 17 or under (example: Social Security, Trust Fund disbursements, etc.).	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive Supplemental Security Income (SSI).	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive disability or death benefits other than Social Security.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive Public Assistance Income (examples: TANF, AFDC)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we am entitled to receive child support payments.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we am currently receiving child support payments. If yes, from how many persons do you receive support? _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we am/are currently making efforts to collect child support owed to me. List efforts being made to collect child support: _____ _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive alimony/spousal support payments	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive periodic payments from trusts, annuities, inheritance, retirement funds or pensions, insurance policies, or lottery winnings. If yes, list sources: 1) _____ 2) _____	\$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive income from real or personal property.	(use <u>net</u> earned income) \$ _____

## Asset information

yes no

Interest Rate

Cash Value

<input type="checkbox"/>	<input type="checkbox"/>	I/we have a checking account(s). If yes, list bank(s) 1) _____ 2) _____	_____% _____%	\$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we have a savings account(s) If yes, list bank(s) 1) _____	_____%	\$ _____

	2) _____	_____ %	\$ _____
<input type="checkbox"/>	<input type="checkbox"/> I/we have a revocable trust(s) If yes, list bank(s) 1) _____	_____ %	\$ _____
<input type="checkbox"/>	<input type="checkbox"/> I/we own real estate. If yes, provide description: _____		\$ _____
<input type="checkbox"/>	<input type="checkbox"/> I/we own stocks, bonds, or Treasury Bills If yes, list sources/bank names 1) _____ 2) _____ 3) _____	_____ % _____ % _____ %	\$ _____ \$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/> I/we have Certificates of Deposit (CD) or Money Market Account(s). If yes, list sources/bank names 1) _____ 2) _____ 3) _____	_____ % _____ % _____ %	\$ _____ \$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/> I/we have an IRA/Lump Sum Pension/Keogh Account/401K. If yes, list bank(s) 1) _____ 2) _____	_____ % _____ %	\$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/> I/we have a whole life insurance policy. If yes, how many policies _____		\$ _____
<input type="checkbox"/>	<input type="checkbox"/> I/we have cash on hand.		\$ _____
<input type="checkbox"/>	<input type="checkbox"/> I/we have disposed of assets (i.e. gave away money/assets) for less than the fair market value in the past 2 years.  If yes, list items and date disposed: 1) _____ 2) _____		\$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/> Student financial aid (public or private, not including student loans)		\$ _____

#### STUDENT STATUS

YES NO

<input type="checkbox"/>	<input type="checkbox"/>	Does the household consist of persons who are all <u>full-time</u> students ( Examples: College/University, trade school, etc.)?
<input type="checkbox"/>	<input type="checkbox"/>	Does your household anticipate becoming a full-time student household in the next 12 months?
<input type="checkbox"/>	<input type="checkbox"/>	If you answered yes to either of the previous two questions are you: <ul style="list-style-type: none"> <li>Receiving assistance under Title IV of the Social Security Act (AFDC/TANF)</li> <li>Enrolled in a job training program receiving assistance through the Job Training Participation Act (JTPA) or other similar program</li> <li>Married and filing a joint tax return</li> <li>Single parent with a dependant child or children and neither you nor your child(ren) are dependent of another individual</li> </ul>
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	

Under penalties of perjury, I certify that the information presented on this form is true and accurate to the best of my/our knowledge. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information will result in the denial of application or termination of the lease agreement.

PRINTED NAME OF APPLICANT/TENANT

SIGNATURE OF APPLICANT/TENANT

DATE

WITNESSED BY (SIGNATURE OF OWNER/REPRESENTATIVE)

DATE



EXHIBIT F

2014 UNIT ALLOCATION AND RENTS<sup>1</sup>

AFFORDABLE UNIT DISTRIBUTION AND 2014 AFFORDABLE RENTS - POMONA PROPERTY

	TCAC	HOME	\$50053	Existing Rent	Maximum Rent
<b><u>30% TCAC / Low HOME</u></b>					
3-Bdrm Unit - 341 Pomona B	\$517	\$977			\$517
<b><u>30% TCAC / Low HOME / VLI HCD</u></b>					
2-Bdrm Unit - 325 Pomona C	\$451	\$849	\$630		\$451
2-Bdrm Unit - 534 Chandler F	\$451	\$849	\$630		\$451
<b><u>40% TCAC / High HOME</u></b>					
2-Bdrm Unit - 341 Pomona A	\$635	\$1,113			\$635
<b><u>40% TCAC / High HOME / Moderate HCD</u></b>					
2-Bdrm Unit - 534 Chandler G	\$635	\$1,113	\$1,504		\$635
3-Bdrm Unit - 321 Pomona D	\$729	\$1,272	\$1,663		\$729
<b><u>40% TCAC / High HOME / VLI HCD</u></b>					
3-Bdrm Unit - 321 Pomona B	\$729	\$1,272	\$691	\$710	\$691
<b><u>50% TCAC / High HOME</u></b>					
3-Bdrm Unit - 341 Pomona D	\$941	\$1,272			\$941
<b><u>50% TCAC / High HOME / VLI HCD</u></b>					
2-Bdrm Unit - 371 Pomona C	\$818	\$1,113	\$630	\$932	\$630
<b><u>50% TCAC / High HOME / Moderate HCD</u></b>					
2-Bdrm Unit - 321 Pomona C	\$818	\$1,113	\$1,504	\$645	\$645
2-Bdrm Unit - 325 Pomona A	\$818	\$1,113	\$1,504	\$847	\$818
2-Bdrm Unit - 534 Chandler B	\$818	\$1,113	\$1,504	\$890	\$818
2-Bdrm Unit - 534 Chandler C	\$818	\$1,113	\$1,504	\$890	\$818
2-Bdrm Unit - 534 Chandler E	\$818	\$1,113	\$1,504	\$890	\$818
<b><u>50% TCAC / Low HOME / VLI HCD</u></b>					
1-Bdrm Unit - 534 Chandler H	\$665	\$706	\$563	\$650	\$563
2-Bdrm Unit - 321 Pomona A	\$818	\$849	\$630	\$890	\$630
2-Bdrm Unit - 371 Pomona A	\$818	\$849	\$630		\$630
<b><u>60% TCAC / High HOME</u></b>					
2-Bdrm Unit - 341 Pomona C	\$1,002	\$1,113		\$1,200	\$1,002
<b><u>60% TCAC / High HOME / Moderate HCD</u></b>					
1-Bdrm Unit - 534 Chandler A	\$883	\$923	\$1,341	\$580	\$580
2-Bdrm Unit - 534 Chandler D	\$1,058	\$1,113	\$1,504	\$890	\$890
2-Bdrm Unit - 534 Chandler J	\$1,058	\$1,113	\$1,504	\$1,002	\$1,002
3-Bdrm Unit - 325 Pomona D	\$1,153	\$1,272	\$1,663		\$1,153
3-Bdrm Unit - 371 Pomona B	\$1,153	\$1,272	\$1,663	\$1,100	\$1,100
3-Bdrm Unit - 371 Pomona D	\$1,153	\$1,272	\$1,663	\$1,100	\$1,100
<b><u>60% TCAC / High HOME / VLI HCD</u></b>					
3-Bdrm Unit - 325 Pomona B	\$1,153	\$1,272	\$691		\$691

<sup>1</sup> More restrictive of TCAC, HOME or RDA restrictions prevails; Pomona/Chandler units monthly utility allowances: \$85/1-bdrm units, \$99/2-bdrm units, \$119/3-bdrm units.

## EXHIBIT 14

### OFFICIAL BUSINESS

Document exempt from recording  
fees pursuant to Govt. Code § 6103

### RECORDING REQUEST BY:

City of Monterey Park  
320 W. Newmark Avenue  
Monterey Park, CA 91754-2896

### WHEN RECORDED MAIL TO:

City of Monterey Park  
City Clerk  
320 W. Newmark Avenue  
Monterey Park, CA 91754-2896

SPACE ABOVE THIS LINE RESERVED FOR RECORDERS USE

### PARKING AND ACCESS COVENANT

(236 Ramona, Avenue, Monterey Park, California)

This Parking and Access Covenant ("Covenant") is entered into and effective this \_\_\_\_ day of \_\_\_\_\_, 2015 (the "Effective Date"), by \_\_\_\_\_ ("Owner").

This Covenant is executed for the purpose of providing public parking access, including without limitation accessible parking, as required by the Development Agreement executed between the parties and recorded as Instrument No. XXX. Owner covenants and agrees as follows:

1. Owner grants to the City of Monterey Park, a general law city and municipal corporation ("City"), its tenants, subtenants, employees, contractors, agents, customers, and invitees perpetual, nonexclusive ingress and egress easements appurtenant to 236 Ramona Avenue in Monterey Park, California more specifically described in attached Exhibit "A," which is incorporated by reference (the "Property"), as a driveway, roadway, parking, including without limitation accessible parking, and entryway for the Property for ingress, egress and access. Specifically, Owner agrees to construct 19 public parking spaces at street parking level for use by the City and the general public as set forth in attached Exhibit "B," which is incorporated by reference.

2. Owner declares that this Covenant is for the benefit of City and is binding on Owner, runs with the Property, and benefits and will be binding upon each successive owner during its ownership of any portion of the Property and s binding upon each person having any interest in the Property.

3. This Covenant may only be changed by an instrument in writing signed by the owner and City and recorded in the public records of Los Angeles County, California.

4. This Covenant is governed and will be construed in accordance with California Law.

5. This Covenant (including its attached Exhibit) constitutes the entire Covenant and understanding between the parties with respect to the subject matter contained herein, and supersedes any

prior Covenant and understanding about the subject matter hereof. This Covenant may be modified or amended only by a written instrument executed by the parties hereto.

6. A fully executed counterpart of this Covenant must be recorded in the Office of the County Recorder of Los Angeles County, California.

7. If any legal action or any other proceeding is brought for the enforcement of this Covenant, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Covenant, the successful or prevailing party or parties is entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled, including the fees and costs incurred in enforcing any judgment which may be obtained in said action.

IN WITNESS WHEREOF, the parties hereto have executed this Covenant and Covenant as of the date first written above.

\_\_\_\_\_  
DATE

LINC-Monterey Park Apartments Housing Investors, LP,  
a California limited partnership

By: LINC-Monterey Park Apartments, LLC,  
a California limited liability company,  
its Managing General Partner

By: LINC Community Development Corporation,  
a California nonprofit public benefit corporation,  
its Authorized Member

By: \_\_\_\_\_  
Sunny Lay Chang  
Senior Vice President and  
Director of Housing Development

STATE OF CALIFORNIA           )  
COUNTY OF LOS ANGELES    )

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me, \_\_\_\_\_, a Notary Public in and for the said County, duly commissioned, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the forgoing paragraph is true and correct.

Witness my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**Notary Public in and for the County of  
Los Angeles, State of California**

EXHIBIT A  
LEGAL DESCRIPTION